

FAR EASTERN ECONOMIC REVIEW

Vol. VII

Hongkong, October 6, 1949

No. 14

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REGIONALISM AND DEVELOPMENT IN THE FAR EAST

By E. Stuart Kirby.

Prospects for the economic development of Eastern Asia are generally discussed on the assumption that there will be some overall plan, or at least an agreed and coordinated programme between the various nations concerned. The wish to extend the idea of planning to the sphere of international relations is a characteristic feature of the psychology of the present age; it inevitably exerts a strong influence in the Far East, where a whole community of new nations is in process of formation.

The instinct towards international coordination represents one of the main subjective differences, in the second cycle of Asian development now under way, distinguishing it from the first cycle of development in the nineteenth and early twentieth centuries. In so far as this impulse expresses an acceptance of the objective fact that the kind of development desired—and so urgently needed if the whole position in Asia is not to deteriorate further—cannot be realised without foreign assistance, it is a healthy reaction. In so far as it implies also recognition of the fact that the Eastern countries differ exceedingly in their natural resources, requirements, inclinations and levels of attainments, so that an uncoordinated development would mean such unevenness as would make true general progress uncertain, and perhaps chaos or actual strife, the desire for coordination is similarly well founded.

There seem however to be dangers in carrying the conception of international planning to extremes, or regarding it as a magic formula which dissolves all practical difficulties. It is invoked, on the one hand, by the Communists and leftist nationalists, whose idea of an Asian plan is the negative one of a pact for the exclusion of Western influences. They seek an alignment of nations proposing to make their own way without any internal participation by the West. On the other hand, there is sometimes an optimistic expectation that a "Marshall plan for Asia" is inevitable and is likely to be produced before long. This series of articles (Far Eastern Economic Review, August 4th onwards) has been particularly concerned to show how advantageous such a Plan would be. It is in-

deed the only kind of procedure that meets the requirements of true development, and checks or avoids all the main dangers—provided, however, it really is a Plan on the "Marshall" principles. But (this series of articles has been further concerned to point out) those principles do, in the first place, mean something definite. The Marshall plan is not just a subsidy; it involves the assumption of heavy economic obligations in return, in the direction of revival of trade and production in Europe and the reduction of Europe's dependence on imports from the dollar area. This presupposes the existence of a group of free nations which not only have common needs but are qualitatively the same in their economic systems and in their administrative and social characteristics. In the second place, the European scheme is a "pump-priming" device, primarily designed to restore impetus to a complicated economic machinery, temporarily dislocated and halted by wartime conditions: i.e. it is largely a question of capital utilisation. Something quite different in content would be required to meet the needs of the East, which are primarily those of basic economic development: i.e. capital creation.

It is almost impossible to impose such a scheme through the external action of a power (or powers) outside Asia. It is a practical necessity that there should be one or two countries in the recipient group which in general play the part of initiative in local economic development, and in particular act as conveners in the movement towards the Plan, and as administrative and technical models for its operation. This was done broadly in Europe, at first by Britain and France; thereafter, the other countries increasingly contributed specialised functions, and took over more and more of the organisational and procedural responsibility.

In the Far East after the War, Nationalist China failed hopelessly to take advantage of its opportunity to provide practical leadership. Vast sums in direct relief and rehabilitation grants were flagrantly squandered in China in

an atmosphere of corruption; while the Nationalist conception of economic development is exemplified by such actions as the closing of the Yangtze to major shipping facilities. The succeeding regime, Communist China, shows much greater honesty and efficiency. But it rejects participation in any main scheme of development in the name of loyalty to the Soviet Union; unfortunately the latter's economic interest in the Far East is very slight, though its political interest may be great.

Eastern Development may yet find a champion in India, whose moral and material influence is deservedly great. But India and Pakistan are not integrally interested in the Far East alone; they form a bridge to a wider world, with very significant differences of outlook. The countries of S.E. Asia are not well placed to take more than a limited individual initiative, though they are strengthened as a group by their links with the Special Commission for S.E. Asia and, in the case of the Philippine Republic, with the United States. They have an important neighbour, Australia, which treats them with a strange mixture of practical helpfulness and racial antipathy.

In these circumstances, a "come-back" for Japan seems almost inevitable. Japan has the material and technical means to make a major contribution to the general development of Asia. The Japanese have moreover the will and the incentive to do so. Their hardworkingness, their relatively great talent for organisation and their technical ingenuity, appear in any case to be irrepresible. They are driven by deadly necessity to hope for the maximisation of trade and intercourse over the whole of Asia. Japan's position in Asia is very similar to that of Germany in Europe. A revival of Germany in Europe would similarly have been more immediately inevitable, if Germany depended on foreign trade as much as Japan does, and if Germany had not been divided into separate zones. Japan has not been so divided, and the unified control has been a great factor in facilitating the revival of Japanese internal standards; those who have visited both countries mostly agree that rehabilitation in Japan today makes a better showing than in Germany.

The general lack of realism in the economic calculations of the Far Eastern countries after the war is amply illustrated by the case of Japan. At first it was widely imagined that substantial reparations would be obtained from Japan, out of capital. It was then gradually realised that there was not much practical possibility of transporting major items of machinery, etc. Such items are generally specific to a given plant layout and cannot be filled directly into some other factory-complex elsewhere; it is sometimes physically impossible and nearly always uneconomic, to attempt it; the fate of UNRRA and other supplies, which it was found impossible or very costly to move much beyond the terminal ports, showed what might have happened if such deliveries had been attempted. The alternative, reparations out of current production, was not generally acceptable. In fact, most people in the Far East still assume that Japan will continue indefinitely to be more or less excluded from the Asian orbit. If at the same time they assert that America is building up Japan as a Far Eastern base, they are being unjust as well as unrealistic, seeing that a main effect of the American occupation is temporarily to screen Eastern Asia from the economic impact of Japan, and that this is possible solely because the Americans have been feeding and administering Japan at a trouble and cost to themselves measured by a yearly expenditure of about US\$600 million.

Another lesson from the case of Japan is that internal social stability in each of the participating countries is an absolute prerequisite to the kind of international plan that is envisaged. This is by no means to advocate a forcible solution of the political conflicts which now so seriously affect all the countries, but to seek to look beyond them to the underlying economic and social causes. The main issue in the latter is the great agrarian problem. This is really the most serious question and the gravest danger in Asia, and should never be left out of account. Yet progress is impossible so long as the increasing pressure of population continues to bear solely or mainly on the agrarian sector at large. It is in the latter that the chronic long-term trend of diminishing returns is firmly rooted, and no programme of industrialisation should be acceptable which does not aim primarily at providing the technical and organisational means of breaking that trend. In this Japan shows the way, not to a complete or ideal solution, but to relatively great possibilities of improvement. A degree of agrarian reform has been realised in Japan. The Japanese economy with its development of rural industries and facilities, its important potential in light industries particularly suited to provide the necessary equipment, fertilisers, etc., and its potential provision of the means of transport and trade, could be a main supplier to the group participating in the plan.

No country can effectively enter into external relations, in the nature of a purposeful international plan of mutual aid, until it has its own internal position

(and in particular the rural problem) in a manageable condition, at least to the extent shown by Japan. It is clear that the West European countries, whatever their troubles, are on quite a different footing in this respect; there is no question for them of agrarian overpopulation, or of their existing social systems imposing a constant uphill struggle against diminishing returns.

Finally there is in the Far East the tremendous influence of the British approach to the problem of development in general, and of the sterling area in particular. This adheres, in a striking degree, to the belief in Free Trade and free exchange, the greatest possible mobility of factors of production and the maximisation of international intercourse. It suggests that sound development can only be based on the primary accumulation of capital, that the progress of real investment must come mainly out of an increased turnover; and indicates also that safety is necessary, for which political responsibility and good administration are absolute prerequisites. It is generally sceptical of short-cuts and manipulations representing the mere injection of capital at selected "policy" points, though ready for "planful" investment of this type wherever the opportunity presents itself as a real demand thrown up by the natural processes of real economic progress.

In the light of these considerations, expectations of Asian economic development proceeding under some master plan and in particular of an arrangement on the lines of the European Recovery Programme, may seem over-optimistic. It is notable that on the American side there has been, no tendency to place the discussion on such a basis. One of the preliminary signs would have to be a reconsideration of the future role of Japan. The "Fourth Point" statement made a profound impression, but it evidently involves no commitment as to the manner in which development investment might be made. Meanwhile, on the political plane, even the suggestion for a local defensive pact, reportedly made by General Chiang Kai-shek to the Philippines and Korea, got a remarkably lukewarm reception not only in those countries but also in the United States.

Accordingly, it seems likely that the pattern of development in the Far East will settle down on the lines of what has here been called Regionalism. There is a clear tendency for economic groupings to occur according to the motivations considered above. Some will indeed consider these divisions inevitable, and as being given by the facts of economic geography and the differences in social setting between the various regions of Eastern Asia. In such a situation Japan would remain apart as being mainly based on the dollar area. Japan's position would however furnish interesting analogies

with that of some of the South American countries, which have expanding economic systems and must supplement their present pseudo-Hard Currency basis with special arrangements with the sterling area, since their trade relations are multilateral and cannot be solely restricted to dollar channels. If Japanese trade development is to be anything like as variegated as it was before the war, it will require above all to draw extensively for raw materials on the sterling area. If Japanese trade is expanded generally, some "softening" of its currency basis is in effect a corollary. Another interesting comparison is that between Japan and the Western Zones of Germany; the latter are also financed mainly in hard dollars, and give in return barter exchanges and marginal dollar settlements, which have a tendency to become somewhat "grey," or even "black" at the edges.

The British position would be based strongly on Malaya, as a dollar-earning unit, and on the network of trade and services represented by the entrepot and colonial outposts. It is fortunate that the British have an aversion from "Bloc" arrangements, which (as the history of Japan and Germany showed before the war, and the pattern of Russian expansion shows in Eastern Europe and Manchuria today) are characteristic of the economic policies of aggressive Imperialism. For the framework of British holdings in the Far East (in close association with the Dominions of Australia, India, Pakistan and Ceylon, and the contingent spheres of influence from Burma to the eastern-most Indies) would form a considerable basis for a scheme of Regional development, if there was any great inclination for such a policy. Actually there is ground rather for the opposite criticism, namely that there is insufficient coordination between the various components of the British network, and little sense of the implications of the fact that they happen to be placed in the Far East.

Hongkong, for instance, has practically no links with New Guinea, or even with Borneo; perhaps not even sufficient coordination with Singapore. All are presided over by a remote Colonial Official which regards their problems, not on a Regional Far Eastern setting, but as practically interchangeable with those of West Africa or the Falkland Islands. This is a worthy but rather unimaginative system.

However, the British concern is in any case to broaden the basis of development, the highway to which is seen as the continual extension of trade. On such a wide frontage, an opening for progress can always be found; a post-war example has been the reopening of sterling area trade with Japan. Even the problem of Communist China may be manageable from this point of view. The New China seems headed at present to constitute a Regional development area of its own. It can never really dissociate itself in this sense, however, from the rest of Eastern Asia, and in particular from the South East Asia Region. One good reason is the presence in the latter of many millions

Review's Third Anniversary

The Far Eastern Economic Review now enters upon its fourth year of publication. In the first issue in October 1946 we wrote in an Editorial Statement with regard to the purpose of the Review:—

The purpose of this weekly economic publication is to analyse and interpret financial, commercial and industrial developments; to collect economic news; and to present views and opinions with the intent to improve existing conditions. Politics and economics being connatural, it will be inevitable that this publication may at times appear to transgress its primary objective by reporting on, and dealing with, political affairs.

In the same Editorial Statement we explained the reason for publishing the Review in the English language:—

The English language is the lingua franca in this part of the world; Siamese and Filipino merchants, Chinese and Malayan students, Japanese and Indian bankers, all converse, negotiate and correspond in English. With the ascendancy of the United States over the Pacific area the use and understanding of the English language will further rise until the fond hopes of the late H. G. Wells can be realised, and English might become the universal medium of speaking and writing among modern men. It is in this anticipation that we publish a Far Eastern economic review in the English language.

We hope to expand our services in the near future and to cover developments in the Far East — from Burma to Korea — with even greater detail. When the current year opened we wrote in the first issue of 1949 that "in the coming year the Review will depict in greater fullness the outlines of the picture in the diverse territories of South East Asia". It is now proposed to open in the course of next year offices of the Review in principal cities of the Far East in order to establish still closer contacts for the benefit of our readers in this part of the world, in Europe and in America.

of Overseas Chinese, predominantly of the working and small capitalist classes which are the main pillars of the New Democracy. This group is of particular interest; its members may make up their own minds as to which of the policies concerned represents true "Liberation." Possibly they—and others—might advocate compromise and co-operation between them. They certainly may see that Britain delivers the goods, and British development schemes are calculated in terms of incentives; while Peking seems to depend on incitements, having so far delivered nothing overseas but some ridiculous propaganda about the "reign of terror" in Hongkong.

If an overall plan is not possible, a broad development of the S.E. Asia Region, extending the largest possible contacts westward, eastward and southward, and seeking at least a modus vivendi with Communist China, seems to offer the best alternative. Yet a pooling of efforts and benefits on "Marshall" lines would be very much more advantageous. This may be emphasised also on grounds other than those of immediate practical advantage;

Exchange & Financial Markets

Hongkong Currency Circulation

Bank notes in circulation at the end of August 1949: \$836,585,601. The note issue of the Hongkong & Shanghai Banking Corp. amounted to \$784,376,790, of the Chartered Bank of India, Australia & China to \$47,912,821 and of the Mercantile Bank of India to \$4,295,990.

The bank note circulation is slowly receding which is the result of return of HK\$ from Kwangtung and disboarding of HK\$ by Chinese in South China. The decline in August compared to the preceding four months (July—April) is small but it presages considerable diminution in the future. Note issues in the four preceding months: \$857.1 million, \$875.1 m., \$877.5 m., and \$880.9 m. In April the note circulation was at its highest in the Colony's history. Year-end circulations in 1947 and 1948 were respectively \$675.1 m. and \$783.2 m.

In comparison with the clearing house figures the note circulation appears adequate at its present level; Hongkong clearing house totals for July and August were resp. \$904.5 m. and \$938.4 m. while the monthly averages for clearings in 1947, in 1948 and in the first half year of 1949 were as follows:—\$549.5 m., \$688.9 m., and \$907.6 m.

There is an increasing tendency in Canton to switch over from HK\$ holdings to gold, silver and to currency accounts in Hongkong, both in US\$ and HK\$, and in the US. The expected arrival of the People's Liberation army in Canton will spell the end of the circulation of HK\$ in South China. Similar to the Shanghai precedent it is expected that the People's Govt. will call up foreign currency notes as held by Chinese and foreigners in the South China area and a conversion rate will be announced for exchange of these foreign currencies into the legal tender of China—the People's Bank note (yuan or dollar). It is therefore likely that a large amount of HK\$, as used both for daily commercial and financial transactions in Kwangtung as well as a hedge against financial insecurity in China, will be turned over to the People's Bank of China or its authorised agents (Bank of China for foreign exchange dealings and Chinese and foreign appointed banks). Eventually, the People's Bank of China should thus acquire a substantial amount of HK\$ from the people in South China which amount they either may use for financing of imports of essential commodities

it is evident that in Europe the courage and generosity of the move, quite apart from its material implications, had a profound effect. In Asia also, morale must be considered as well as resources. Hopes of a broader plan should not be allowed to fade, just from lack of courage.

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ties into China (both from the sterling area and the dollar area, in the latter case by converting HK\$ into US\$ on the local free exchange market) or may hold HK\$ as part of an exchange reserve for the People's Bank yuan.

Many holders of HK\$ in Canton have during recent weeks sent them to Hongkong where they opened current accounts or fixed deposits in the Colony's currency, or they acquired gold bars or US\$ (both notes, funds in New York and current accounts with local commercial banks).

Gold Markets

Last week's quotation for .945 gold on the local market per hongkong tael \$338, highest, \$322, lowest, corresponding to .99 fine prices of \$354-337 (actual market rates for .99 fine \$354-338). Equivalent highest and lowest rates for fine oz. \$294-280. Cross rates per oz. US\$47½-46¾. Free gold market centres negotiated sales between US\$41 to 42½.

Lower prices in Hongkong were caused by further increase of trading stocks; the tight money market; the decline in export prospects; the expectation of further inflow (or better say 'reflow') of gold from China to Hongkong both for safekeeping and for trading; developments in Canton (as described below); and, most important of all, the steadiness of sterling in world markets.

The devalued pound has shown much resistance to further decline in free exchange markets and operators feel that the present favourable trend for sterling is to continue for a considerable time and may eventually lead to an appreciation of the London/New York rate from 2.80 to 3.

The local import-export position is unchanged; exports to China are finished and shipments to other Far Eastern markets (largely for re-export to India and Pakistan) seem to make no headway; Hongkong cannot well be developed as a gold transit centre for shipments to India although Macao interests are very eager to see this business develop. The Macao government and certain persons who have reaped fortunes in the past from the quasi-monopoly which Macao enjoyed in the gold trade of China are bound to suffer in revenue as the decline in gold trade has been both abrupt and apparently final. One very welcome effect of this virtual suspension of Macao's gold trade is the conspicuous decrease in local demand for TT New York which fact should bring about lower free market US\$ rates. In the past it was mainly the Macao gold importer who, by virtue of his enormous US\$ requirements necessary to finance the millions of ozs. of gold to be shipped into China via Macao, upset often the local free exchange market and drove the US\$ price to unprecedented heights.

In Canton, the Central Bank of China suspended sales as a result of the temporary closure of the gold market in Kwangtung's capital. This gold market stopped business as from Sept. 19 when

sterling devaluation became known and only resumed operations as from Oct. 3. All balances of forward contracts from and before Sept. 17 were settled on Oct. 1. During the 2 weeks of suspension of business only spot sales were conducted but these were small. As from the current week the Central Bank will resume gold sales. During the past 2 weeks the Central Bank only sold US notes both in Canton and in Hongkong in order to acquire HK\$ for payment of government expenditure. Some lots of gold bullion were however offered in Canton by the KMT army who earlier had obtained gold stocks as an emergency reserve. Canton requiring however only small quantities there was no other way out of the dilemma than to ship gold to the Colony for sale to the market; consequently, local prices were depressed but still some \$8 higher than Canton where, it appeared, the bottom was falling out of a constipated market.

Trading Reports of last week:—

Monday, September 26:—Opening and closing rates \$338-330. On the fictitious forward market the change over favoured sellers at the interest rate of 51 cents per tael of .945 fine per day. Throughout the week, the change over rates remained in favour of sellers. The opening rate was the highest of the week. Tight money market caused heavy change over interest inducing forced sales.

Tuesday, Sept. 27:—Opening and closing 329-334%. Change over 49 cents. Launching of the offensive in Kwangtung by the People's Army and rumour of the possible raising of gold price by US gave stimulation to the market.

Wednesday, Sept. 28:—Opening and closing 333-328. Change over 38 cents. Selling in Canton indirectly forced the local market to follow, prices declined further.

Thursday, Sept. 29:—Opening and closing 327½-327½. Change over 30 cents. With no news, market turned quiet.

Friday, Sept. 30:—Opening and closing 326½-325½. Change over 49 cents. Lowest of the week 322 recorded, market eased off on unloading of larger stocks and heavy interest.

Saturday, Oct. 1:—Opening and closing 324-325½. Change over 30 cents. Some demand for .99 fine bars for export to South East Asia ports checked the dropping market. In the afternoon, unofficial business done at 326-325.

During the week under review, official tradings were about 195,000 taels, averaging about 32,500 taels per day. Positions left open estimated at an average of 178,000 taels per day, in which interest hedging forward operators, and Canton operators oversold, gold importers sold only in small amounts, Shanghai, Swatow and local operators were overbought.

Cash bars turned over officially 9,080 taels, unofficially 24,000 taels, totalling 33,080 taels.

About 8,000 taels from Canton and 4,000 taels from Macao, making a total of 12,000 taels were imported. About 4,500 taels were exported, of which 2,500 taels to Bangkok and 2,000 taels to Singapore. Over 2,500 taels were melted for local ornamental consumption. Another 5,000 taels were added to the local stock; the estimated ready delivery stock here is about 340,000 taels.

For the month of September, the highest and lowest rates were \$360-288, a difference of \$72 or about 23 per cent on the middle rate.

During the month, the overbought speculators on the fictitious forward market paid total interest of \$6.47 per tael, or over 30 per cent per annum on the middle rate.

US\$ Market

Highest & lowest rates on the free market per US\$100, in HK\$:—US notes 619-600, DD 617-597, TT 619-598, corresponding to crosses, at the mean rate of official selling/buying, of US\$ 2.59-2.68.

Compared with the official London/New York cross of 2.80 the local free market crosses are from 4¼ to 7½% lower; the local unofficial TT rates were from 3.9 to 7½% higher than the official TT New York rate (mean rate HK\$ 575.56).

Sterling in New York's free market and in European centres showed much firmness. Area account transfers were usually done at slightly below the official rate; 6 months and 3 months forward sales of sterling in New York were contracted above the official crossrate, indicating higher rate expectation. Pound notes sold in New York for a short time at a premium over the official rate with 2.85 asked and paid.

Turnover in the local market of last week: US\$ 2¾ million (TT 1¼ m., notes and DD 1½ m.).

Only a small amount of weekly free market sales is accounted for by commercial requirements. In 1949, Hongkong's trade with the US and the Philippines (as far as the Colony is concerned this is the dollar area) amounted to HK\$ 45.3 million imports, and \$24½ m. exports, per average month (first eight months of this year, imports from US HK\$ 351.5 m., from Philippines 11.5 m.; exports to US HK\$ 130.2 m., to Philippines 66 m.). An unfavourable balance resulted per average month, viz. HK\$ 20 million which amount at the current average free market rate (say, HK\$ 6), would be around US\$ 3.1/3 million. This deficit on trading account with the dollar area is covered by inward remittances from overseas Chinese in the dollar area and from other sources which have accrued or are accruing to the ultimate buyers of Hongkong's imports from the dollar area. A small part of the US\$ deficit is covered by conversion of sterling area currencies into US\$ on the local free exchange market.

Shanghai financiers who have been on the sidelines during the last few weeks resumed their activities by selling US notes and funds in New York both as a speculative move in anticipation of lower US\$ prices following international firmness of sterling, and also to regain liquidity in HK\$ so as to engage with more vigour in the gold forward market. It appears to many of the Shanghai financiers (this word is used for want of a better term) that hedging in gold is at present a wise move considering the stepped up rumour offensive abroad which aims at the increase of the US Treasury gold buying price of US\$ 35 to anything upwards of \$40. On the other hand, the high interest rate on the forward market makes it appear advantageous to invest large funds in the gold market.

Japan account US\$ were only sold by a few merchants (exporters of cargo to Japan and by such fortunate persons who previously got an allocation by the Dept. of Supplies & Distribution). The rate was around HK\$ 780, i.e. 35% higher than the official and some 28% higher than the free market TT New York. About US\$ 10,000 in Japan account were sold during the week.

An important seller of US notes was the Central Bank of China in Canton. As a result of the suspension of the gold forward market in Canton the Central Bank sold US notes after having received only recently an amount of US\$ 5 million from the KMT treasury in Taiwan.

The importance of Hongkong as a free exchange market in the Far East will now be better appreciated no doubt by the Chinese (communist and nationalist) authorities and the merchants and people generally; on the other hand, investors and speculators in Hongkong who fail to calculate with the influence exercised by China in the determination of local free market rates, may be liable to make fateful mistakes.

HONGKONG OPEN MARKET RATES
per US\$100

September	Notes		Drafts		T.T.	
	High	Low	High	Low	High	Low
26	6.19	6.11½	6.17	6.09	6.19	6.10½
27	6.15½	6.05½	6.11	6.04½	6.13	6.06
28	6.14½	6.07½	6.11	6.04½	6.13	6.04½
29	6.12	6.05	6.05½	6.02½	6.07	6.02½
30	6.08	6.00	6.06	5.97	6.06	5.98
October						
1	6.10	6.10	6.06½	5.99	6.07	6.01

Official Sterling Rates

The present official sterling rates are 1/2-13/16 selling and 1/2-29/32 buying (TT), 1/2-15/16 (DD), with no penalty exacted on forward sales. These rates are too low and penalise holders of HK\$ funds and importers while exporters and prospective transferors in London are benefitted. An early adjustment of the agreed merchant rates is expected by advancing the present rates by 1/16th. Until a short while ago open market rates for TT London and on other centres in the sterling area were below the official rates but the situation has changed in September when HK\$ appreciated in terms of sterling on the open market with rates quoted about 1/3½ on London, 1/7½ on Australia (official selling 1/6-3/8) and 1/5¼ on New Zealand (official 1/2-13/16).

Silver Market

Last week's highest & lowest prices, in HK\$: — per tael \$4.60 — 4.40, per Hongkong and other dollar coins \$3.05 — 3, per Chinese dollar coins \$3.25 — 3.15, per 20 cents coins \$2.90 — 2.70.

Business was small, about 12,000 Chinese dollar coins were sold. The local market remains in the doldrums. Canton is the centre of silver business with about 1½ million dollar coins daily transacted.

More coins are arriving in Canton and the Central Bank of China expects among other shipments one consignment of 15 million coins both from the US and Mexico. The silver dollar is increasing rapidly in circulation. When the change-over in Kwangtung will eventuate the new authorities will have to face a thorny problem in disposing of the silver coins as the previous regime's legal tender. Millions of coins now circulating will eventually be melted again and exported in bars to foreign countries. The stepped-up import of silver coins into KMT controlled China and the minting of coins in several cities of South China and Taiwan is aimed at stabilising prices and enhancing public confidence in the financial policy of the 'reformed' KMT authorities. Eventually the widespread use of silver coins will confront the People's Govt of China with a very unpleasant problem — how to make the people disgorge their silver and accept the new paper money as legal tender.

Unofficial Exchange Rates

Last week's highest & lowest rates of bank notes, in HK\$:—Piastres forward sales 11.70, spot 11.70-11.20. Nica guilders 25.60-19.10 (Java Bank guilders' lowest 18). Baht 27. (Per one hundred foreign currency units).

Bank of England note 15.70-15.45, Australian pound 11.85-11.60, Canadian dollar 5.30-5.15, Indian rupee 1.20-1.16, Burmese rupee 0.72-0.70, Ceylonese rupee 1, Malayan dollar 1.83¼-1.83, Philippine peso 2.95-2.87.

PERMISSIBLE STERLING TRANSFERS FROM ONE COUNTRY TO ANOTHER AT PRESENT IN FORCE

1. American Account Countries

Intertransfers permitted: — U.S.A., Philippine Islands, U.S.A. Dependencies, Bolivia, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Salvador, Venezuela.

2. Transferable Account Countries

Intertransfers permitted from accounts designated as transferable:— Anglo-Egyptian Sudan, Chile, Czechoslovakia, Dutch Monetary Area, Egypt, Ethiopia, Finland, Iran, Italy, Norway, Poland, Siam, Spanish Monetary Area, Sweden, Union of Soviet Socialist Republics.

3. Other Countries

Intertransfers permitted: — Albania, Afghanistan, Cyrenaica, Eritrea, Liberia, Libya, Nepal, Saudi Arabia, Southern Korea, Yemen.

4. Scheduled Territories

Intertransfers permitted. Some limitations imposed by local Controls in Australia, Fiji, Hongkong, India and Pakistan:—The British Empire (except Canada), British Mandated Territories of the Cameroons, Nauru, New Guinea, South West Africa, Tanganyika, Togoland and Western Samoa, British Protectorates and Protected States, Burma, Iraq, Iceland.

5. Bilateral Countries

Intertransfers subject to Exchange Control authorisation: — Argentina, Austria, Belgian Monetary Area, Brazil, Bulgaria, Canada, China, Denmark, including Faroe Islands and Greenland, The French Franc Area, French Somaliland, Germany, Greece, Hungary, Israel, Japan, Jordan, Lebanon, Palestine, Paraguay, Peru, The Portuguese Monetary Area, Roumania, Switzerland and Liechtenstein, Syria, Tangier, Turkey, Uruguay, Vatican City, Yugoslavia.

Permissible Transfers Without Any Formalities

- From 1 to 2, 3 and 4.
- From 2 to 3 and 4.
- From 3 to 4.
- From 5 to 4.

Chinese Exchange Markets

With the formal establishment of the People's Republican Government at Peiping (now renamed Peking) on Sept. 30, the status of the People's Bank yuan has been elevated. The success of the economic policies of the communist authorities in North and Central China presages stabilised conditions in all China proper once the civil war comes to an end on the main and. The future position of the PB\$ can be

assumed to be well assured as it is in the vital interest of the new regime and the people at large to maintain a stable legal tender and thus re-establish confidence, at home and abroad, in the sound finances of so old and civilised a nation as the Chinese.

Local transfers with Shanghai continued in gold and US\$ at the following rates, highest & lowest: gold 940—905 in Hongkong for 1000 in Shanghai; US\$ 920—900 here for 1000 in Shanghai. Approx. sales: 1400 taels of gold and US\$ 9,500. PB\$ exchange amounted to small amounts mostly for non-commercial purposes.

Canton remittances totalled HK\$ 4½ million in the Colony and over HK\$ 12 m. in Canton. Rates: 998½ to 1005½ in Hongkong per 1000 in Canton. Small business in gold and US\$ was also reported.

Amoy and Swatow remittances, quoting about at par, were insignificant.

Silver certificates in Canton do not make any progress in circulation but suffer no discount against hard coins.

The KMT authorities in Canton propose, once again, to issue 'patriotic bonds' in order to raise money for the prosecution of the war. A first instalment of 100 million silver dollars in these bonds may be put on the market but it is generally believed that public subscription will not participate.

There is however regularly made some money by the Canton govt. with their semi-monthly lottery (called so nicely 'Comfort the Fighting Forces Lottery'). The amount of each lottery sold to the public is silver dollars 500,000. The gambling instinct of the Chinese is well exploited by the lottery wirepullers but still the sales of this lottery proved difficult as the drawing chances are so obviously unfavourable to the public.

Thailand Baht

The Thailand Govt. has, on Sept. 26, devalued the baht currency against the US\$ to 12½ baht per US\$, and appreciated the baht against sterling to 35 baht per £. The HK\$ parity in Bangkok is 2.1875 baht. The official sterling/dollar cross rate in Bangkok has been lowered from 4.03 to 2.80. Thailand has only recently become a member of the I.M.F. and has not yet established the required par value of its currency in terms of gold and US\$.

No official rate on Bangkok has been quoted here for several months the last rate having been 3.65 baht per HK\$1 while the free market quoted between 3.70 to 3.90 baht per HK\$ or about 58 to 62 baht per £. Latest baht note price here is HK\$27 per 100 baht (or 3.70 baht per HK\$). TT Bangkok is usually slightly higher than the note price.

Hongkong Stock & Share Market

Last week's market was very quiet and business transacted slumped to almost the lowest figure so far recorded. The undertone is nevertheless rather firm although prices receded. Sellers are few at current low quotations. Buying interest, on the other hand, is also weak but bargain hunters are active although, at their ideas, no business could be established. The share price index fell day by day.

Volume of Business:—Total sales reported amounted to 59,446 shares, an approximate value of $\frac{3}{4}$ million, a decrease of 2 million compared with the previous week.

Price Index:—The Felix Ellis averages based on the closing prices of 12 active representative local stocks closed at 124.86 for a net loss of 1.08 compared with the close of the previous week. Day-by-day, his averages were: Sept. 26, 125.85; Sept. 27, 125.41; Sept. 28, 125.16; Sept. 29, 124.98; Sept. 30, 124.86.

	High	Low
1947	155.82	123.88
1948	148.68	134.05
1949	138.37	123.32

Business Done:

Banks:—H.K. Banks @ 1530.

Insurance:—Canton Insurance @ 310
Unions @ 675, 670. H.K. Fire Insurance @ 225.

Docks, Wharves, Godowns, etc.:—H.K. & K. Wharves @ 105 H.K. Docks @ 16, 15½ Wheellocks @ 25½.

Hotels & Lands:—H.K. & S. Hotels @ 10.40, 10.30, 10, 9.90, 10. H.K. Lands @ 49½, 50. H.K. Realities @ 1.80. Shanghai Lands @ 1.70.

Utilities:—Hongkong Tramways @ 16, 15.80, 15.70, 15½, 15¼, 15.30, 15¼; Star Ferry @ 95, 90; China Lights (O) @ 11.30, 11.20, 11, China Lights (N) @ 8½, 8, 7¼, 7.80; Hongkong Electric @ 30½, 29½, 29, 29¼, 29, 28¾, 29; Telephones @ 19¼, 19½, 19; Macao Electric 21½.

Industrials:—Cements @ 19½.

Store:—Dairy Farm @ 38½, 38; Watsons @ 41, 40, 41; Lane Crawford @ 17; Sun Co. @ 2.85, 2.80; Wing On @ 72.

Miscellaneous:—China Entertainment @ 14.

Cottons:—Ewos @ 4.

Rubber:—Rubber Trust @ 3, 3¼, 3.

COMMERCIAL MARKETS

CHINA'S GOVERNMENT

The plain man wonders why the Nationalist Government continues to annoy merchants with a policy of petty pinpricks. The so-called "blockade" of Communist held ports, for instance, which as carried out is clearly illegal and which, as the figures of trade with North China show, is so ineffective in stopping seaborne trade, is calculated rather to increase dislike of their regime, than to encourage sympathy. The United States has in the past endeavoured to help the Nationalists and only gave up the effort when, as the White Paper shows, it was found to be useless. Now the Nationalists' naval forces hold two US merchant vessels and will presumably do the same with any others found straying within their reach, which is not likely to make the United States feel more friendly towards their Government, though possibly by now they do not care very much, as matters are undoubtedly coming to a head.

The Communist Party on September 21 took the step of declaring the inauguration of the Chinese People's Central Government in Peiping, which will once again become the capital of China. The feeling generally among foreigners in China has been that the Communists would not seek recognition until they had obtained possession of Canton, but evidently they have felt sure enough of their eventual success to have made the move at this time. The Soviet Government, quick to seize an opportunity, has promptly extended recognition to the new People's Republic and is withdrawing its diplomatic representatives from Canton, while regarding the Nationalists solely as a provincial government. In all probability this example will be followed by the other countries within the Soviet orbit.

It cannot be doubted that the United States and the United Kingdom have already discussed such an eventuality as the present, and a closing of their eyes to facts is far from being the usual policy of these Governments, nevertheless they are faced with the difficulty that recognition of a new Government before the old is entirely hors de combat is not very usual.

The attitude of the United States Government towards a Communist regime in China is at present obscure. The British Government has announced that it will not come to any decision on recognising the new regime without prior consultation with all Commonwealth and Atlantic Pact countries. It is inevitable, however, that a decision must be made some time, and that not in the very distant future. Already the Communists control more than two-thirds of China, according to some observers four-fifths or 22 provinces out of 28 (including Manchuria), with a population that some set as high as 360 million, though such figures as far as China's population is concerned have to be taken with more than the proverbial grain of salt; the Nationalists, therefore, at this showing can only rule

over six provinces in South and Southwest China, and any claim to control over a large territory would have to be established.

The British have a large stake in China, and more than any other nation they have helped in its development. It has been estimated that around £300 million has been invested in banks, shipping, mines, industry and commercial undertakings, and although it would be hard now to set a value on any of these concerns, the good-will remains and the foundations are still there. British merchants who have undergone troubles and hardship in Shanghai and other centres for foreign trade are most anxious for recognition of a stable government in China, knowing that Soviet Russia and its satellite neighbours are unable to supply the needs of the country and feel convinced that China must turn to its usual trading partners for supplies as soon as the road is clear.

The decision of the British Government is awaited with interest.

JAPAN'S POSITION IN ASIA

The announcement that no further reparations are to be asked of Japan did not cause any surprise. The American administration in Japan have for some considerable time been averse to any hindrances to Japan's recovery, on the ground that while the American people are called upon to contribute towards the reinstatement of Japan it is not consistent with the policy of dismantling her factories. The opinion has also been growing that the sooner the Japanese people can take complete control of their own destiny the better. When the question of discontinuing reparations was first discussed there was considerable opposition from various interested quarters, particularly Nationalist China and the Philippines. These two countries had been the greatest sufferers from Japanese aggression, and it was therefore natural that they should be more intimately interested in the question of reparations.

Events have, however, moved very rapidly in China since then, and the complete reversal of policy now to support American opinion in the matter of reparations on the part of the nations formerly opposed to it, is perhaps understandable. The effect of this step in Japan is one of encouragement. The recognition of the country's future influence on Far Eastern affairs has suddenly brought it from the role of a conquered nation to one of importance in world affairs generally. Japan can no longer be regarded as a reprehensible unit in the family of nations, needing repressive measures to control various undesirable characteristics, but is now being educated to play a leading part in Asia.

That the Japanese are eager to seize every opportunity to re-establish themselves is clear by their determination to bring back industry to the heights it once attained and no political bias will prevent them from fulfilling this purpose. Already the Government has

demanding the right to trade with the Soviet Union and with that part of China already under communist rule, and this request has already been sanctioned by SCAP who wisely realise that no drag should be applied to Japan's stride towards complete rehabilitation.

The Bristles Position

Since the devaluation of the pound sterling, cable advices have been received from London to the effect that the price of Chungking black bristles has been advanced to 19/- per lb., a rise of 1/- against the previous price. At the new rate of exchange, this would be US\$2.11 per lb., whereas the local market quotation for Chungking black averages US\$2.40 per lb. On the other hand, the price in America for this commodity averages \$2.60 per lb., and dealers are consequently doubly anxious to increase their exports to the United States in preference to other countries; with this end in view it is hoped that the expected requirements by the USA of 6000 piculs will be increased to 9000 piculs.

Local stocks for spot sales have been reduced by now to 1000 piculs, exports over the last two months having been mainly composed of Chungking black, and the question of replenishment is causing some anxiety. In Chungking stocks in August were reported as being around 9000/9500 piculs, but the disastrous fire which recently took place in this city was estimated to have destroyed about 6000 piculs leaving an available supply from that source of only 3000 piculs; a shortage in supplies is consequently anticipated some time in the future, which would lead in all probability to an improvement in prices. Recently in Hongkong the price of No. 27 Chungking black was US\$2.50 per lb., the price in New York being \$2.615, but the margin of profit was too low to interest exporters, particularly in view of the above anticipation. In the meantime, however, direct shipment has been made from Shanghai to the USA of 1000 cases of Hankow bristles, and as the price in Shanghai is US\$2.10 per lb. for Shanghai bristles and US\$4.10 for the Hankow product, it seems that Hongkong will be more or less cut out as a supplying centre for the USA as soon as normal shipping is resumed with North China.

Pakistan Import-Export Data

As a means of stimulating international trade, the Committee of the Whole of the Economic Commission for Asia & the Far East (ECAFE) at its March-April 1949 meeting directed the Trade Promotion Branch of the Secretariat to continue to collect and disseminate lists of export-import data and information on trade possibilities both from within and without the region, including exchange of such lists with the Economic Commission for Europe whenever possible. Through the courtesy of the Government of Pakistan, it is now possible to circulate the present import requirements, both on government account and private industrial account, and the export availabilities of Pakistan.

Among the import requirements on government account are listed: stores (chemicals, paints, soap, footwear, rubber items), rubber tyres & tubes, asbestos cement sheets, woollen and worsted goods, timber, railway stores, insulators, iron & steel. The import requirements on industrial account include: chemicals, glue, cork tips for shuttle cocks, paper, woollen worsted goods (including yarn), dyeing substances, machinery for the tanning & footwear industry, grindery materials like eyelets, lasts, nails & threads, pig iron, iron & steel (especially black & galvd. sheets), coal, hard coke, antimony, electric steel sheets, drawn bare copper wire, tin, dry batteries, railway car wheels and axles without wheels.

Surpluses available for export include: raw wool, cement, bone meal, raw jute, salt, sports goods, gypsum, rosin, tobacco, turpentine (natural), cow hides, buff hides, goat skins, sheep skins, art ware, caps, carpets & rugs, cotton & waste, cotton oilseeds, cotton seeds, cutlery goods, enamelware, fish, fruits, hair (cow tail), hair (goat), handicrafts, honey, hurricane lanterns, medicinal herbs, musk, musical goods & instruments, nuts, oil (all kinds excluding motor oil), oil cakes, general merchandise, precious stones (uncut), reptile skins, roots, scissors & knives, sheep casings, seeds, oil seeds, shoes & boots, spices, surgical instruments & goods, tea, tents, wax.

Further details in regard to the above can be obtained upon application to the Hongkong Dept. of Commerce & Industry.

Pakistan Cotton

The Pakistan Ministry of Commerce has announced the Government's decision to extend the free period within which cotton can be exported to any destination without quantitative limit until December 31, 1949.

HONGKONG COMMODITY MARKETS.

Cotton Piece Goods

The output of cotton piece goods in Shanghai has been so much reduced that Hongkong dealers who formerly filled many requirements abroad from this source are wondering where they will turn for supplies as the Hongkong mills at the best cannot take care of all requirements. Importations from abroad are too high in price to compete in the cheap markets previously served by the Shanghai qualities.

There was small demand for piece goods during the week, and prices fell to lower levels: grey sheetings Bellman brand stood at \$47 per piece, Dragon Head was at \$50, Fairy Eagle at \$48.50, Mammoth Bird at \$49; black cloth Bee & Eagle was offered at \$58 per piece, Golden Cup stood at \$55.50, Yu Tai at \$48; white cloth Camellia brand was at \$48.50, Hsun Liang Yu at \$48.50, Nan Cheong at \$50.

Woollen Goods

Woollen knitting yarn was short of Cantonese dealers and prices showed an improvement: Camel brand (British) sold at \$31 each, Sky Clipper brand

No. 79 fetched \$33 and No. 68 \$24/\$26, Horse Head brand No. 79 sold at \$32, Aeroplane brand No. 68 fetched \$19.50, "555" brand No. 68 stood at \$24.

Woollen knitting yarn was short of stock in several brands with no fresh arrivals, Beehive and Cuckoo brands, in particular, being in short supply: Peacock brand 4 ply sold at \$10.80 per lb., Front Line brand fetched \$11, Crane brand stood at \$10.50, Double Gun at \$17, Golden Fleece brand fetched \$11.85, Peony sold at \$10 per lb. All these sales were made under old indents and gave satisfactory profits.

Metals

With Tientsin buyers in the market, mild steel plates were active: 4' x 8' 1/32" was offered at \$70 per picul, 1/16" to 3/32" improved to \$58, 1/2" increased to \$44 and stood firm at \$50, 3/4" to 1" stood at \$45, 1 1/2" at \$46 per picul; British 4' x 8' new indent price has been raised from £60 to £67 per ton, but dealers were not interested at this increased price. Japanese galvanised mild steel sheets, thin, G30 3' x 7' rose from \$12.50 to \$13 per piece, 3' x 6' was offered at \$11.20 and showed satisfactory profits. Zinc sheets, which had been dull for a considerable time, still showed no improvement in price in spite of stocks being low: Polish 3' x 8' G5 remained at \$113 per picul, G6 was offered at \$105, G7 & G8 at \$101; Japanese 3' x 7' was also dull the price improvement noticeable being due to the high rate of exchange, G5 stood at \$113, G6 at \$100/\$103; Polish G5 was offered since the devaluation of sterling at the forward price of £120 per metric ton, G6 was £3 cheaper, when compared with previous indent prices there has been a rise of about 25%. Japanese brass sheets, rolled, suitable for the manufacture of torches, 7" wide and 8 oz. to 9 oz., sold at \$190 per picul improving to \$195, 10 oz. sold at \$195, 14 oz. stood at \$200; British 8 oz. fetched \$220 and 12 oz. \$225 per picul. Few transactions took place in brass sheets and no improvement in prices was expected owing to the recent arrival of a consignment of 1000 tons and the lack of purchases by China interests: British 14 x 48 8 oz. & 9 oz. was offered at \$220 per picul, 10 & 11 oz. stood at \$225 and 12 oz. at \$230. Japanese aluminium sheets 1 m. of 3' x 8' 1/32" sold at \$2.20 per lb. with North China buyers in the market, but fell later to \$2; British 4' x 8' 1/32" fetched \$2.10, falling to \$1.90, and 3' x 6' 1/32" sold at \$2.05 and fell to \$1.70. The demand for barbed wire having fallen off from China, French 1 cwt. packing fell to \$55 per bundle while 56 lb. packing was reduced to \$28 per bundle; Japanese 56 lb. packing fell to \$30 per bundle. Galvd. wire was in demand to fill the requirements of Macao and Canton, and prices improved slightly: G8 to G12 was offered at \$50 per picul, G13 to G17 rose to \$54 owing to lack of stock, G18 & G22 stood at \$60 per picul. Wire nails were inactive and prices, which had risen following the devaluation of the pound sterling, fell again: Czechoslovakian, Polish and Italian 1" to 3" and 1" to 4" in kegs of 250 (with-

out 1¼") were reduced to \$44 per picul for spot and French to \$42, Italian G17 ¾" and G18 ½" were offered at \$64 per picul; the local manufacture 1"-4" fetched \$43 per picul. The winter allocation to Hongkong of British tinplate will be around 250 tons, but dealers in this commodity complain that this is too low for their requirements; a reduction in local stocks led to improved prices, 20" x 28" (British) in 200 lb. casks in skids met with buyers' offers of \$125 per cask but sellers held firm at \$130, the indent price was around \$98 per cask; new cargo of USA tinplate, under self-provided exchange, was on the market at \$140/\$142 per 200 lbs. cask of 20" x 28", but no sales took place. Misprint tinplate, USA, was inactive, with white base offered at \$58 per case and black base at \$46. Electrolytic tinplate being short of stock improved to \$88 per picul. The arrival of fresh supplies of British and American tinplate waste was expected, but with few demands for export the market would have to depend upon local consumption to absorb these: first quality tonnage packing (USA) 18" x 26", 22" x 26" and 25" x 28" was sold at \$95/\$96 per 200 lbs., ordinary quality 10" x 10" fetched \$94 and ex-godown \$91/\$92 per cask; British 10" x 10" new forward delivery price was \$84/\$85 per 200 lbs. There was a good demand for copper scrap and lead scrap and an improvement was anticipated: copper scrap fetched \$75 per picul and lead scrap \$21 per picul.

Paper

Cabled advices from Europe report that as a result of the devaluation of sterling prices have been increased: newsprint in rolls has been raised from £37.10/- per ton to £39.2.6 cif Hongkong or the equivalent of HK 30 cents per lb.; the Swedish allocation for Hongkong has been completed and shipment of the new allocation will commence next year; the Norwegian allocation has not yet been completed, over 500 tons still being due to Hongkong, and as local importers see no profits at the new price of £39.10/- some cancellations of orders have taken place; the new price of Polish newsprint in rolls is on a par with the Norwegian. Buyers from Tientsin were requiring newsprint in rolls, which sold for 31½ cents per lb., falling later to 31 cents for both 31" & 43".

Buyers from Taiwan and Kunming were in the market for cigarette paper, Ecusta brand 29 mm 6000 m with green line was found too high at \$22.50 per bobbin and sales were finally made at \$22. Smoking Tiger brand was purchased at \$20.50 per bobbin. Rene Bollore brand fetched \$19 and Centennial brand \$18.50 and Elephant brand \$20; Centennial brand 27.5 mm 4000 m. sold at \$13. With large stocks on hand, it was not expected that prices would rise.

British aluminium foil was active, and 4.5" x 6.75" thin quality, sold for \$3.20 per lb., an increase over the earlier price of \$3, to buyers from Central China; quotations against new indents were received from the USA at US 44 cents per lb. for delivery within

a month, the local market rate being \$3.10 per lb.

Cement

The cement market showed greater activity during the week, about 10,000 bags of Indochina Red Dragon brand in 1 cwt. packing arrived and sales were effected at \$6.50 per bag for spot, \$6.20 per bag; Japanese cement, old stock, of 100 lbs. packing and Taiwan cement 1 cwt. packing improved to \$6.30 per bag; Danish white cement Bates brand in 1 cwt. bags fell to \$15.50 with lack of demand, Red Lion brand forward delivery was offered at \$248 per ton without sales.

Emeralcrete rapid hardening (Green Island) cement stood at the official price of \$7.50 per 112 lb bag and Emerald brand 112 lb. bags at \$6.50, Green Island cement in 94 lb. bags sold at the usual price of \$5.60 per bag, British white cement "snowcrete" in drums of 375 lbs. nett sold at the usual price of \$55 per drum and "snowcem" cement paint at \$58 per steel drum of 112 lbs. ex-godown.

Gunny Bags

Since the restrictions on the import of gunny bags were announced by the South African Government, no transactions have taken place, but recently enquiries have been received from that country in regard to long term deliveries and negotiations are still proceeding. At the supply source prices have increased, Rs.226 per 100 bags being quoted: the local price of Heavy Cees 29 x 43 2½ lbs. 2" green (new) was somewhat erratic during the week, ranging from \$3.30 to \$3.40 and then falling to \$3.15 per bag; forward delivery ex-ship was quoted at \$3, \$2.95 and \$2.80.

Vegetable Oils & China Produce

Since the devaluation of the pound sterling, no fresh enquiries in regard to tungoil (woodoil) have been received from Great Britain and the USA; prior to devaluation, Japan was negotiating for 700 metric tons, but under the present uncertainty regarding Hongkong-Japan trade the negotiations have been suspended pending a clarification of the situation. During the past three months ending September 30, 2163 long tons of tungoil have been shipped to Europe and 3315 long tons to the USA, the latter showing a decline even against the reduced American consumption of 2700 tons: stocks held in the US amount to around 15,000 short tons, plus 10,000 tons of home production, the total of 25,000 tons being considered sufficient for eight months' consumption. The local price of tungoil improved to \$169 and \$170 per picul with export permit, but fell later to \$167, while tungoil without export permit after touching \$168 fell to \$166 per picul with counter-offers at \$164, sales were effected at \$162.50 for B quality. Teaseed oil 5% acid first quality was offered at \$157 without sales, but sold later at \$156 per picul, some sales for export were made at \$166.50 & \$169. Rapeseed oil, which has been inactive for some time, showed activity during the week and sales were effected at \$100 without export permit, a fall of \$12 against the pre-

vious price, while with export permit the price stood at \$103 per picul.

The market for groundnut oil showed lower prices, Swatow Flying Horse brand in tins sold at \$175 per picul and in drums at \$156, Flying Eagle brand in tins fetched \$175, Ship brand in drums sold at \$164, Dragon brand in tins \$180 and in drums \$160, Elephant brand in tins fetched \$175, Bell brand in drums, old stock, stood at \$140; Tsingtao groundnut oil sold at \$120, Bombay cargo first quality fetched \$153 per picul; new arrivals of Swatow produce fetched between \$153/\$154 per picul.

Owing to a shortage of stock in aniseed star first quality, the price rose to \$56 and \$60 per picul; Tung Hing, Kwangtung, first quality stood at \$57 and second quality fetched \$52 and \$52.50 per picul; Haiphong first quality stood at \$50 per picul. Tientsin buyers were in the market for China rosin first quality from East River, Kwangtung, which rose from \$31.50 to \$32 per picul. Supplies of ramie from Szechuen are practically unobtainable owing to difficulties in transportation, and dealers have to rely mainly upon deliveries from West River, Kwangtung, though the quality is inferior. Plans are being considered for shipments of green ramie from Shanghai to fill the local demand, but as the final cost would amount to something around \$290 per picul this would be too expensive for profitable trading: green ramie, old stock, was disposed of at \$195 per picul non-export packing, export packing was offered at \$210, but without sales, and later some small lots were disposed of at \$220 per picul; sellers anticipated a further increase in view of the shortage of supplies.

Exports of feather to the USA from Hongkong have shown a decline recently in view of shipments made from Shanghai, the more direct route working out at a lower cost: GGS goose feathers in Shanghai were quoted at US 63 cents per lb. or HK\$460 per picul, in Hongkong the price would be US 69 cents or HK\$570; duck feathers in Shanghai were quoted at US 50 cents per lb. or HK\$360 per picul, in Hongkong the price would be US 58 cents per lb. or HK\$400 per picul cif. On the local market, duck feathers from Pak-hoi in Kwangtung sold for \$259 B quality and \$261 per picul A quality, Haiphong first quality fetched \$211 per picul.

Some Chungking raw silk which had been purchased as speculation at \$1700 per picul was offered on the local market at \$2300 with a counter-offer of \$1900, but without sales. Szechuen raw silk of 20/22 deniers was offered in small quantities at \$1600 to \$1700 per picul; difficulty of transportation was anticipated for forward deliveries.

Ores

For some time tungsten (wolfram) ore has not interested exporters and prices have shown a falling tendency: China standard quality dropped to \$210 per picul and 80% of 65 degrees fell to \$170, but no transactions took place. A sale of 2000 tons of manganese ore was made for shipment to Japan at the price of US\$23.50 per ton. Lack of

export demands caused Kwangsi copper ingots, melted down from copper coins, to fall heavily in price, sales being effected at \$98 per picul. As a result of no arrivals of Australian cargo, local aluminium ingots around 85% improved in price from \$80 to \$115 per picul.

China Tea

With the fall of Foochow and the approach of the Communist armies to Amoy, tea from Fukien has been cut off and supplies for the time being can only come from Taiwan; these, however, are insufficient to fill requirements even with the lessened demands from France and America: Broken Orange Pekoe 1st quality sold for \$260 per picul and 2nd quality at \$230. Orange Pekoe 1st quality fetched \$250. Sou-chong 1st quality fetched \$330. 2nd quality \$230/\$300 and 3rd quality \$240/\$270 per picul. Tikunyum green tea, ordinary qualities, was offered at \$600 to \$800 per picul.

Beans

Dairen soya beans were in demand for Macao as well as for local consumption and sales were effected at \$42.50 per picul, a drop of 50 cents compared with the previous price; a further fall occurred later when transactions took place at \$41 per picul; however, it is expected that prices will keep steady. Soya beancakes, lacking spot cargo, improved in price from \$32 to \$33 per picul, with delivery in two weeks the price was \$29.60. Green beans from Manchuria had substantial sales at \$42 per picul, later transactions were at \$44 ex-ship and \$44.50 ex-godown; green beans from Indochina sold at \$40.50 per picul for 2nd quality.

Industrial Chemicals

After sterling devaluation the general tone has firmed up and there is much speculative buying among dealers who expect higher prices for a large number of imported chemicals. Better offtake by China has recently reduced stocks of many articles and as new shipments have been slow in coming

the trend is firm. Only if there is heavy overstocking and no early prospect of sales do prices recede. On the whole, business of dealers is good and profits are satisfactory, importers are well provided with new orders and the outlook is encouraging as the KMT blockade of North & Central China ports is after all not very effective. Within a few months, provided that Kwangtung will pass under communist control, there should ensue a very lively business, not only in chemicals but in all industrial raw materials of which China is so woefully short.

Ammonium chloride. In the past half month small shipments from USA and Belgium replenished the market but supply could not meet demand and prices were stronger. Lately the ICI Crescent brand 1.5 cwt bags sold \$750 per long ton. **Lamp black.** Market remains firm. ICI Fortress brand 187.5 lb case sold from \$300 to \$325 per case. Getz brand up to \$262 per case of same packing as ICI. USA origin without brand per 187.5 lb case sold at \$260. **Gum Arabic.** Egyptian origin 100 kg bags bead form sold from 53 cents to 55 cents per lb. Extract of Quebracho. Crown brand 105 lb bags sold \$79.50 and \$79 per bag. Extract of mimosa. Elephant brand 1 cwt bags around \$50 per bag. **MBT.** As no export demand the market at standstill. In the coming two months a large volume of business may be done. **English Monsanto** 224 lb metal drums sold at \$1.68 per lb. The proper price should be \$1.75 to \$1.70. **Paraffin wax.** Under recent TT rate on New York it is workable to import as prices declined in USA. AMP 143/150 nine slabs to one carton sold from \$76 to \$78 per picul and AMP 160/165 of the same packing sold \$98 per picul. AMP 126/128 eight slabs to one carton sold at \$65 per picul. The eight slabs are of lower melting point, and higher percentage of oil and moisture content. **Lithopone.** Shanghai demand is brisk. Dutch origin 50 kg paper bags spot goods sold 43 cents per lb two weeks

ago. At present the forward sales which will be due early October are from 42½ cents to 45 cents lb. The USA origin 50 lb paper bags sold 50 cents per lb.

Caustic soda solid. As Shanghai price is about \$500 per drum, many exporters are interested. In the past two weeks 1500 drums were sold. ICI temporarily stopped to sell wishing to increase market price; Crescent brand 6 cwt drums sold from \$180 to \$222 per drum. USA origin 700 lb drums was raised from \$158 to \$184 per drum. The indent price for USA origin is about \$161 per drum. **Vaseline.** Light amber 400 lb drums sold 30 cents per lb, afterwards 28 cents only. Snow white grade 375 lb drums at 43 cents, later on 46 cents, 48 cents. **Phenol.** Although some business was recorded the general tone is on the easy side. **English Monsanto** 448 lb galvanised iron drums sold 74 cents per lb, and English origin 375 lb drums sold 75 cents. Canton is selling phenol at a higher price but many stock holders here anxiously wish to sell before the maturity of their bills. As supply is exceeding demand prices will drop a few cents. **Sulphur powder.** Stock is scarce. USA origin 100 lb paper bags sold from \$30 to \$30.50 per picul regardless of indent price being \$24. Although demand is coming out no further business was recorded due to small stock. **Sulphur black.** National's 693 brand 100 catty drums sold from \$260 to \$280 per picul. Market is firm. **DPG.** USA origin 200 lb drums sold \$2.12 per lb, and English Monsanto 150 lb metal drums \$2.18. USA origin Vanderbilt 150 lb fibre drums was asked \$2.15. **Zinc oxide.** Market advanced. Japan origin 50 kg wooden barrels with export permit sold from 83 cents, 84 cents to 86 cents per lb, now about 90 cents. The Belgian origin 50 kg bags sold 74 cents. No export permit is required here except for Japanese cargo. **Soda ash.** Export demand is heavy. Over 100 tons business was recorded. ICI Crescent brand 90 kg bags dense grade sold \$38. French

origin 100 kg bags, fluffy grade sold \$32.50 per bag. Local consumers like the USA origin 100 lb paper bags dense grade which sold from \$20 to \$22 per bag. Potassium chlorate. This dangerous cargo is accepted by few shipping companies. Storage is also difficult to obtain. These obstacles affect the consumption and export of this item. USA origin 160 lb metal drums sold 68 cents per lb which is below indent price. Cargo from Finland or Sweden can profitably be sold, price is about 60 cents. Lead acetate. This salt was shipped to North China in small lots. It is used for making chrome yellow. 600 lb wooden barrels sold \$1.25 per lb. Ammonium bicarbonate. Rather big business was established. ICI 2 cwt drums sold \$82 per drum. Poland origin 50 kg drums sold \$38.50 per drum, and then jumped to \$41. However, some dealers sold again at \$38.50. Lately the market was fixed at \$39 and a considerable volume of business was done at this figure. Sodium thiosulphate. (Alias sodium hyposulphite). It is used in photography for dissolving silver precipitate and in bleaching for elimination of excessive chlorine and also for leather tanning. Prices from \$33 to \$33.50 per barrel of ICI 1 cwt wooden barrels. Glacial acetic acid. As stock is extremely short only small quantity of spot goods sold. Dutch origin 25 kg carboys at \$1.25 lb, and 480 lb aluminium drum at \$1.03 shipment due mid-October. 25 kg carboy Italian origin, sold 80 cents to 94 cents per lb. Shanghai is in a tight supply position prices there are about HK\$4.50 per lb.

Sodium silicate. ICI Crescent brand 750 lb drums sold \$135, and then \$148, at present \$153. Sodium nitrate 2 cwt bags sold \$32 per picul. Sodium sulphide solid. After purchases by North China traders the stock declined. ICI Chinchin brand 5 cwt drums sold from \$820 to \$1000 per long ton. Late October arrival sales from \$610 to \$660. Spot goods from Italy 400 lb drums now asked \$760 per long ton. Acetic anhydride. Tientsin buyers continue purchases. 480 lb drums sold from \$1.35 to \$1.40 per lb. There is a 60 kg carboys packing but buyers show no interest as it is dangerous in transit. Ultramarine blue. USA origin 224 lb fibre drums sold \$115 per picul. As the colour of this packing is not dark enough its price is cheaper. Chrome green. It is used for the decoration of walls and floors when mixed with cement. 50 lb bags USA origin sold \$3.20 per lb. Sodium cyanide. Price is coming down. English origin 50 kg drums sold from 99 cents down to 90 cents per lb. Stearic acid. Australian origin single pressed sold around 91 cents per lb, the Argentine cargo at \$1.08. The indent price for Australian single pressed is now 83 cents. Red lead. Australian origin 560 lb wooden barrels sold \$105 per picul. DNCB. Tientsin buyers are making purchases. USA origin Monsanto 600 lb drums with melting point 46.5 degrees C. sold \$1.15 per lb. Borax. ICI crystal form 1 cwt bags sold from \$41.50 to \$42 per bag, the 100 lb paper bags granular form USA origin at \$21.50. USA origin 112 lb burlap bags granular form

Progress of Hongkong's Manufacturing Industries

In mid-year the number of registered factories in Hongkong was 1309 and registered industrial labour numbered 70,770. To these figures should be added those factories and workshops which either are exempt from registration or otherwise have failed to register for one reason or another. The number of unregistered workshops is estimated at over 300, and labour employed in these workshops may come up to 10,000 men and women.

Compared with the results of previous registrations the June 1949 figures establish records. In March 1947 the number of registered factories and workers was respectively 972 and 54,338; in March 1948: 1137 and 61,714; and in March 1949: 1143 factories and 60,650 workers. The June figures represent the following increases over March 1947: 35% for factories and 30¼% for workers; over March 1948: 15¼% for factories and 14.68% for workers; and over March 1949: 14¼% for factories and 16.69% for workers.

The registered labour force as at June 1949 is the highest in the history of Hongkong: 70,770 workers (viz. 44,057 men, and 26,713 women). Compared with March 1947 the numbers of registered factories and workers have increased by 337 factories and 16,432 workers, while the increase in June over March this year was 166 factories and 10,120 workers.

\$24 bag. Glycerine. Dutch origin 250 kg drums CP quality sold between \$1.70 and \$1.75 per lb. Citric acid. English origin 1 cwt drums sold \$2.35 and then down to \$2.15 to \$2.10 per lb. Salicylic acid. English origin 1 cwt drums sold \$2.10 per lb. Chrome tanning. This is used for leather tanning however its end use is not so extensive as bichromates or potash chrome alum. It was sold 64 cents per lb. Sodium bichromate. This item has been quiet for a few months. Australian origin 560 lb drums sold 84 cents per lb and USA origin 300 lb fibre drums sold 70 cents. Potassium bichromate. There were some shipments to North China. Italian origin 100 kg wooden barrels sold \$1.02 per lb. Rosin. Inquiries came for a big quantity of foreign rosin but there is no large stock here. The H grade 520 lb metal drums sold from \$83 to \$90 per picul. Calcium carbonate. Japanese origin 50 kg burlap bags heavy grade sold \$260 per ton. Red amorphous phosphorus. French origin Lion and Fork brand 110 lb cases sold \$290 per case. Sodium hydrosulphite. English origin 120 lb drums about \$150 per picul. Bleaching powder 35%. Red Heart brand 50 kg drums sold \$28.50 per drum. Later price asked \$32 due to short supply from ICI. Bleaching powder 70%. USA origin 130 lb drums sold \$1.65 per lb. Sodium bicarbonate. Export demand is active. Crescent brand 100 kg bags sold from \$36.50 to \$41 per bag. USA origin 100 lb paper bags about \$22 per bag. Lactic acid 75% pure 124 lb carboy sold \$1.70 per lb.

Not only in trade and finance there has been this year much progress but in the manufacturing industries higher activity has been noted which is now borne out by the statistics published in this issue. The over-all picture is definitely encouraging in spite of the earlier misgivings voiced as regards the two threatening factors: high cost of production in the Colony (as a result of high cost of land and construction, high wages and relatively uneducated and untrained labourers) and resurgence of Japan's postwar industry. However overseas markets are increasing in number and the buying power of the peoples in backward countries (both in Asia and Africa) has notably expanded. Although a reduction in production costs is imperative no alarm need be felt about the future of the local industry as a consequence of the activity of Japan's manufacturing industry. Our goal is to sell what we produce and to produce more in order to sell more and thus earn more, give more employment and contribute towards the realisation of the generally accepted ideal of progress in every field of human activity. There will be ample scope for local products not only in Empire markets but in most Far Eastern centres and competition with Japan's industry should eventually redound to the benefit of the local community—provided however that postwar Japan will not resort to old and probably for ever discarded practices of dumping and exploitation of labour.

Leading industrial groups in Hongkong

Important and leading industrial groups in Hongkong as at June 1949 are the following:—An iron ore mine which has recently restarted operation employing 830 miners; the soy sauce and gourmet powder factories with 1045 workers (251 more than in March last); bakeries and confectioneries employing 736 (an increase of 136 over March); soft drinks makers with 635 employees (422 up); cigarette and cigar factories with 1266 workers (up 42);

The cotton textile industry: 19 spinning mills employing 4107 hands (against 10 mills in March, an increase of 3702 hands), 144 weaving mills with 6706 workers (down 579), 201 knitting mills with 6613 workers (up 1627), wearing apparel factories with 1179 workers (down 12);

The printing industry comprising 101 establishments with 3450 workers (increase of 492); 43 rubber shoes factories with 2597 workers (decline of 2386 workers); match factories with 1060 workers (increase 285); glass and glass products with 700 (minus 92); 17 iron foundries with 564 workers (plus 43); 3 steel rolling mills with 510 workers (plus 168); metal ware factories with 4395 workers (up 1153); enamel ware with 1694 (up 1249); needles 727 (up 442); machinery repair with 1334 (up 216); hand torches with 3145 (up 548); ship building and repair with 9862 workers (a decrease of 1504 workers in spite of fulltime operation and long waiting lists for repairs).

Registration of Factories in Hongkong

	Monthly Average 1947	Monthly Average 1948	Monthly Average Jan./June 1949	July 1949	August 1949
Applications for registration received	38	38	33	41	37
Less cancellations	5	12	17	21	16
Total	33	26	16	20	21
Registration certificates issued	43	24	18	19	20

Electric Power and Gas

Consumption of electric power has increased by leaps and bounds reflecting the expansion of industry both on the Island and the mainland. August figures are the highest on record and exceed the monthly averages of 1947 and 1948 by 160% and 57% respectively. The average consumption for the first six months of this year exceeds monthly averages of 1947 and 1948 by 113% and 28¾% respectively.

Gas consumption during the current year was also far in excess of previous results. The August figure of gas manufacture and distribution compared with the monthly averages of 1947 and 1948 was higher by 72% and 32% respectively. The monthly average of the first half year 1949 was higher by 66½% and by 27¼% than the averages for 1947 and 1948 respectively.

Consumption of Electricity

	Monthly Average 1947	Monthly Average 1948	Monthly Average Jan.-June 1949	July 1949	August 1949
	Kw. Hrs.	Kw. Hrs.	Kw. Hrs.	Kw. Hrs.	Kw. Hrs.
Lighting	3,298,718.00	4,346,143.34	5,192,943	5,607,823	5,976,904
Power	1,244,540.71	3,775,142.33	5,189,649	6,196,424	6,613,851
Traction	631,524.50	749,802.00	807,071	853,065	790,109
Bulk Supply					
Consumers	2,340,809.42	3,570,114.25	4,863,378	5,870,195	6,206,458
Public Lighting . .	71,710.92	93,789.33	111,971	108,910	117,490
Total	7,587,803.55	12,526,000.25	16,165,012	18,636,417	19,704,812

Gas Manufacture & Distribution

	Monthly Average 1947	Monthly Average 1948	Monthly Average Jan.-June 1949	July 1949	August 1949
	Cubic feet	Cubic feet	Cubic feet	Cubic feet	Cubic feet
Domestic)					
Industrial)	17,033,392	21,975,525	(26,581,967	26,925,600	27,334,300
Public Lighting . .	1,328,567	1,980,183	2,514,500	2,623,500	2,628,400
Total	18,361,959	23,955,708	30,574,967	31,073,500	31,605,400

Hongkong Industry & Labour Problems

The industry of Hongkong is characterised by the very large number of small concerns, often based on the family as unit, which in aggregate sometimes make up an extensive industry. Many of these concerns rely on manual labour without mechanical assistance, and the number of employees may be very limited. These concerns are not required to be registered as Factories or Workshops, and the Labour Office is frequently not even aware of their existence. This is particularly true of the many small general engineering workshops which carry out vehicle repairs and minor repairs to machinery.

The recent construction of new modern factories and especially the numerous cotton spinning mills, and the general tendency, encouraged by the Labour Department, to construct new factories in proper factory-type buildings, as opposed to the small type of factory housed in domestic-type buildings, have proved a great addition to Hongkong's industry. The enforcement of health and safety standards is greatly facilitated in the new type of factories now being constructed.

Employment Conditions

No unemployment figures exist, and it is doubtful whether in such a fluctuating population the collection of such figures is practicable. There is un-

doubtedly unemployment in the Colony, but so much of the labour force is employed on a casual basis that it is probable that unemployment also is inconstant.

So far no official employment exchange has been established in Hongkong. In spite of this, considerable numbers of unemployed present themselves at the Labour Office and efforts are made to obtain employment for them. Employment has been found for many hundreds of applicants but the work is necessarily limited because it is of an unofficial nature and not recognised by employers. These do not, therefore, apply to the Labour Office when requiring new men. Another factor militating against the placing of a large number of workers is the surfeit of labour in the Colony. This results in vacancies being snapped up without much effort on the part of the employer. It must also be noted that it is a long established practice for employers to rely on their foremen to find staff required. This is convenient from the employers' point of view as it makes the foremen either partly or solely responsible for the conduct of the men so introduced. Unfortunately also there is the long ingrained Chinese practice whereby a new employee has to pay a considerable sum of money to anyone introducing him to employment. This is an evil exceedingly difficult to eradicate as, apart from being long accepted, the worker himself is willing to pay for employment as a natural quid pro quo for obtaining any job. There would be a number of difficulties to overcome in setting up employment agencies, and their success would depend mainly on the co-operation of employers.

By general agreement between all European employers, and now an increasing number of Chinese employers engaged in more modern forms of business the 48-hour week is recognised as standard, and any work over 8 hours for six days is treated as, and paid for, at overtime rates. Workers in Chinese owned industries continue to work longer hours, nine hours a day being standard. These hours are quite often combined with a seven day week. This is not as reprehensible as it sounds, as Chinese workers prefer long hours at a slower tempo to shorter, more concentrated hours. This is perhaps partially due to habit and climate, but in many cases workers do not know what to do with the increased leisure resulting from shorter hours and prefer the increased wages from which they benefit in a longer working week. Even longer hours are often worked where employment is at piece-rates. These are particularly prevalent in the textile, electric torch, and rubber industries. Moreover, in the textile industry, where work is often particularly light (much of it consists in the mere watching of machines, with an occasional adjustment or the joining of a broken strand), many women are content to sit and watch for 12 hours. They resent interference with their desire to earn more money by working the longer hours.

(Continued on page 429).

FACTORIES & INDUSTRIAL LABOUR OF HONGKONG

TOTAL NUMBERS OF REGISTERED FACTORIES BY INDUSTRIAL GROUPS AND EMPLOYED LABOURERS AS AT JUNE 30, 1949

Industry	No. of Factories	No. of Employees		Industry	No. of Factories	No. of Employees	
		Male	Female			Male	Female
Mining and Quarrying							
Metal Mining: Iron Ore Mining	1	800	30	Manufacture of Leather and Leather Products, except footwear:			
Manufacturing				Tanneries	6	192	—
Food Manufacturing Industries except Beverage Industries, Meat Canning and Preserving				Manufacture of Rubber Products:			
Reclaimed Rubber Products	3	55	26	Shoes	5	52	1
Fruit and Vegetable Canning and Preserving:				Manufacture of Chemicals and Chemical Products:	43	860	1,737
Vegetable and Fruit	8	104	99	Basic Industrial Chemicals, including Fertilisers:			
Ginger	9	104	390	Chemicals	5	55	16
Vegetable Oils, Soy Sauce and Gourmet Powder	19	737	308	Dyes	5	27	6
Bean Curd	6	92	16	Salt	1	—	—
Flour and Rice Milling	24	259	14	Miscellaneous Chemical Products:			
Bakeries, Biscuits and Confectionery	14	435	281	Firecrackers	1	35	251
Sugar Factories and Refineries	4	23	1	Medicines	13	32	236
Cocoa, Chocolate and Sugar Confectionery	12	109	121	Cosmetics	7	96	89
Miscellaneous Food Preparations	10	153	153	Soap	4	38	57
Beverage Industries:				Paint and Lacquer	8	168	95
Wine Industries	2	25	—	Printing Ink	2	13	4
Breweries and Manufacture of Malt	1	118	44	Matches	4	271	789
Soft Drink Industries	8	469	166	Joss Sticks and Mosquito Sticks	6	46	248
Tobacco Manufactures:				Camphor Oil and Powder	2	24	3
Cigarettes and Cigars	3	365	901	Glue and Gelatine	1	9	27
Manufacture of Textiles:				Bone-grinding	2	11	2
Spinning, Weaving and Finishing:				Manufacture of Products of Petroleum and Coal:			
Spinning	19	2,496	1,611	Petroleum Refineries:			
Weaving	144	4,738	6,706	Kerosene Refinery	1	5	—
Finishing	34	464	128	Manufacture of Non-metallic Mineral Products, except Products of Petroleum and Coal:			
Knitting Mills	201	1,876	4,737	Structural Clay Products:			
Cordage, Rope and Twine Industries	4	148	70	Bricks	3	444	100
Manufacture of Textiles not elsewhere classified	2	73	26	Pottery, China & Earthenware	1	12	—
Manufacture of Footwear, other than weaving apparel and made-up textile goods:				Glass and Glass Products	25	586	114
Manufacture of Footwear, except rubber footwear	3	111	28	Cement:			
Manufacture of Weaving Apparel, except footwear	36	458	721	Tiles and Blocks	5	101	26
Manufacture of Made-up Textile Goods, except weaving apparel	4	14	87	Cement Manufacture	1	256	7
Manufacture of Wood and Cork, except turniture:				Non-metallic products not elsewhere classified:			
Sawmilling	26	267	3	Abrasives	1	2	—
Cork Manufacturing	1	5	15	Gypsum Powder	1	10	—
Manufacture of Trunks and Cases	8	241	1	Lime-kilns	3	73	6
Manufacture of Furniture and Fixtures:				Basic Metal Industries:			
Wooden Furniture	6	118	4	Iron and Steel Basic Industries:			
Rattan Furniture	5	195	51	Iron Foundry	17	522	42
Manufacture of Paper and Paper Products:				Rolling Mills	2	488	22
Articles of Pulp, Paper and Paper-board	7	67	120	Non-ferrous Basic Industries:			
Printing, Publishing and Allied Industries:				Refinery of Wolfram	2	14	3
Printing	101	2,658	792	Refinery of Manganese	3	54	18
Newspapers	10	815	37	Manufacture of Metal Products, except Machinery and Transport Equipment:			
Paper Dyeing	2	88	27	Tin Cans	13	389	287
				Metal Wares	112	2,465	1,930
				Aluminium Wares	5	184	35

Industry	No. of		No. of Employees	
	Factories	Male	Female	Total
Enamel Wares	10	1,441	253	1,694
Vacuum Flasks	3	182	103	285
Electroplating	20	286	91	377
Type Foundries	1	13	3	16
Needles	2	365	362	727
Manufacture of Machinery, except Electrical Machinery:				
Repair of Machinery	77	1,275	59	1,334
Manufacture of Electrical Machinery, Apparatus, appliances and Supplies:				
Repairs of Radios	3	26	86	112
Hand Torches	18	903	2,242	3,145
Electric Bulbs	12	115	232	347
Batteries	11	136	327	463
Manufacture of Transport Equipment:				
Shipbuilding and Repairing	19	9,666	196	9,862
Railway and Tram Construction and Repairing:				
Tramways	1	1,643	2	1,645
Repair of Motor Vehicles and Cycles:				
Motor Buses	2	492	—	492
Lorries and Cars	1	50	—	50
Aircraft Repair:				
Aircraft (overhauling)	2	163	—	163
Miscellaneous Manufacturing Industries:				
Jewellery and Related Articles	1	8	—	8
Musical Instruments:				
Gramophone Records	1	2	—	2
Pianos	1	20	—	20
Industries not elsewhere classified:				
Toys	1	9	32	41
Pencils	4	21	98	119
Abacuses	1	7	—	7
Feather sorting and cleaning	5	108	200	308
Toothbrushes	4	59	10	69
Buttons	10	208	283	491
Ice and Cold Storage	11	393	38	431
Bakelite Wares	4	36	52	88
Plastic Wares	3	52	—	52
Ivory Wares	1	12	—	12
Construction:				
Construction Works	1	320	—	320
Terrazzo Works	2	32	16	48
Electricity, Gas, Water and Sanitary Services:				
Electricity, Gas and Steam:				
Electric Light and Power	4	1,107	6	1,113
Gas Manufacture and Distribution	2	348	—	348
Commerce:				
Wholesale and Retail Trade:				
Petroleum Installation	3	365	76	641
Recreation Services:				
Motion Picture Production	1	—	—	—
Personal Services:				
Laundries	20	470	62	532
Totals	1,309	44,057	26,713	70,770

(Continued from page 427).

However, there is now a definite tendency to demand the grant of holidays, even unpaid. Such demands have been frequently coupled with demands for higher rates of pay. There are seventeen official government holidays a year, in addition to Sundays. Chinese concerns also grant these holidays, but there is a marked reluctance among the small concerns to grant holidays at all, even without pay. This is especially noticeable when business is good, except on big festivals such as the Chinese New Year. The interest of workers in holidays is awakening, and employers are exhorted wherever possible to accede to reasonable demands for holidays.

Industrial Training

The majority of Chinese operated concerns have systems which aim at training either youths or young women for employment in metal working, textile and other industries. The conditions under which the apprentices work and their wages are very unsatisfactory, but workers are glad to have any form of employment, especially one which leads to a good wage as a skilled worker. The establishment of new spinning factories has given employment to a number of learners, as this is a new industry in Hongkong and there are no skilled workers in the Colony except those imported from Shanghai. The larger European con-

cerns such as the dockyards have a regular system of apprenticeship run on sound lines, the apprentices being more often than not sons of employees of the company. This arrangement has been found to work very satisfactorily, with the possible exception that it has thus become rather a family concern and it is difficult for any boy other than the son of a dockyard employee to become an apprentice. The Government railway also sponsors an apprenticeship system but this is on a limited scale owing to the small size of the undertaking.

In addition to the apprentices actually employed in industry, there is a small Government Trade School which always has a long waiting list for Chinese secondary school educated boys and which is intended to further their education generally to fit them for posts as junior engineers. Apart from the Trade School, there are no other official training establishments for industry, although the Government subsidises the training school for apprentices. The Aberdeen Industrial School, which was founded by local Chinese philanthropists and which is run on their behalf by the Salesian fathers, is probably the nearest approach in the Colony to an industrial training school. The school takes in orphan boys and, after four years' primary schooling, they are trained as apprentices for between three and five years in electro-mechanics, mechanics, carpentry, shoe-making, and tailoring.

Industrial Disputes

On the whole industrial disputes and strikes were few in Hongkong. Workers are not easily led to take extreme action if their demands are not met by management. Relations between labour and management have been good and the approach to solve disputes is usually taken in the spirit of mutual accommodation. Union leaders are generally well educated persons who have sufficient economic understanding to appreciate what labour benefits can reasonably be expected. Nevertheless, there has been agitation by a dissatisfied sector without however having done any harm to the sound labour-management relationship which has existed and promises to continue also in the future.

One lesson which the Chinese workers in Hongkong will have to learn is that a strike is a two-edged weapon. Unless used with discretion, a strike may well involve loss of employment for many of those who take part in it. The local Labour department has attempted to incorporate in all agreements between managements and workers clauses establishing conciliation machinery within the industries concerned. It is to be hoped that in the future both sides will endeavour to make use of such machinery for the purpose of regular consultation so that incipient grievances and misunderstandings may be removed before they have had time to attain serious proportions and to embitter relations to an extent which makes settlement very difficult. Another point which may affect industrial relations in the future is the entry into Hongkong of Shang-

Trade Unions in Hongkong

Trade Union Registrations.

At the end of June, 175 trade unions had registered with the Labour Office, with a total approximate membership of over 138,300. Of these unions, the largest had a membership of 18,000 and 3 of over 6,000 while 1 had a membership of over 4,000.

The number of employers' associations registered as at that date was 49 with an approximate total membership of 6,800, the largest having a membership of just under 1,500.

This brings the total number regis-

tered at the end of June to 224, with a membership of 145,100.

In the industrial distribution of the membership of the trade unions, there has been a shift since the end of March. At that time 38.5% of the workers were engaged in manufacturing, services coming second with 25.2% and transport, storage & distribution third with 17.8%; by the end of June, 31.8% were engaged in transportation, etc., 30.2% in manufacturing and 19.9% in services. The figures are given below:—

Group of Unions	31st March, 1949		30th June, 1949	
	Approx. No. of Members	Percentage of Total	Approx. No. of Members	Percentage of Total
Agriculture, Forestry, Hunting and Fishing	700	.7	1,183	.9
Mining and Quarrying	69	.07	69	.05
Manufacturing	37,298	38.5	41,781	30.2
Construction	7,096	7.3	8,437	6.1
Electricity, Gas, Water and Sanitary ..	—	—	—	—
Services	4,214	4.3	5,068	3.7
Commerce	5,362	5.5	10,296	7.4
Transport, Storage and Distribution ...	17,276	17.8	44,013	31.8
Services	25,207	25.9	27,496	19.9
Totals	97,322	100.0	138,496	100.0

The industrial distribution of the membership of registered employers' associations did not show the same shift as did the trade unions, as at the end of the March quarter 52.2% of the total

was engaged in manufacturing and 35.3% in commerce and the percentages in the same groups at the end of June remained more or less the same at 56.2% and 32.4%:—

Group of Employers' Associations	31st March, 1949		30th June, 1949	
	Approx. No. of Members	Percentage of Totals	Approx. No. of Members	Percentage of Total
Manufacturing	2,808	52.2	3,835	56.2
Construction	517	9.6	517	7.6
Electricity, Gas, Water and Sanitary ..	—	—	—	—
Services	—	—	—	—
Commerce	1,895	35.3	2,212	32.4
Transport, Storage and Distribution ...	—	—	62	.9
Services	154	2.9	201	2.9
Totals	5,374	100.0	6,827	100.0

Industrial Disputes & Accidents.

During the first half of 1949, 10 stoppages took place as the result of industrial disputes, which involved 2,545 workers and caused the loss of an aggregate number of 40,600 working days. The majority of the disputes, i.e. 7 involving 1,740 workers and 25,195 working days, occurred during the Jan./March quarter — 6 stoppages being in the manufacturing industries with 1,134 workers involved and 13,075 days lost and 1 of transport workers with 606 men and 12,120 days lost; in the April/June quarter 3 stoppages took place in

hai manufacturers who have brought with them a certain amount of Northern Chinese labour, particularly executive staff, in the cotton and spinning industry. Adjustment will be necessary between the ideas of these managements and their supervisory staff and those of the local and Cantonese worker.

the manufacturing industries, with 805 workers and 15,405 days involved. For the whole of 1947 there were 12 stoppages involving 13,887 workers and the loss of 294,092 working days; and in 1948, 8 stoppages involved 2,786 workers and 74,210 working days.

In the month of June, 70 accidents occurred and 70 persons were injured, the causes being 22 from contact with machinery, 11 from falling objects, 9 from falls, 2 from burns and 26 from miscellaneous causes. The monthly average for the period Jan./June was 68 accidents (1948 monthly average 36.2) involving 71 persons (1948 38.1), and the causes were 16 by contact with machinery (1948 7.4), 15 falls (8.7), 9 from falling objects (5.3), 6 burns (2.9), 1 each from scalds and an explosion (1 & 1), and 22 miscellaneous causes (11.6). The growth in the number of accidents should be attributed to greater care in reporting them, rather than to increasing carelessness on the part of those concerned.

Analysis of Trade Unions.

A detailed analysis by the Hongkong Labour Office of trade unions registered under the Trade Unions & Trade Disputes Ordinance of 1948, shows that as at March 31 there were 141 unions registered with an approximate total membership (based on figures supplied by the unions themselves) of 97,300: of these, 140 unions have male members totalling 84,800, 45 of these admit women members totalling 9,500 and 1 union has only women members totalling 1,000. Also included in the above total are 2 trade unions with a membership of 413 Europeans, and 9 unions of workers in Government service with a total membership of 7,200, i.e., 6,000 men and 1,200 women.

Two labour federations have been registered under the Ordinance for the Registration of Societies, 1949, the H.K. & Kowloon Trades Union Council (formed by supporters of the Kuomintang or Nationalist Government's party) to which 74 unions have been affiliated with a membership of 44,000 men and 5,100 women, and the H.K. Federation of Trade Unions (formed by anti-Nationalists) with 27 affiliations having a membership of 21,800 men and 3,700 women; 40 trade unions with a membership of 19,000 men and 1,700 women have not affiliated themselves to either federation.

Entrance Fees & Subscriptions: All but one of the unions have an entrance fee, which ranges from \$1 to \$100, though the latter amount is only charged by 2 of the unions. In most cases a membership badge can be purchased as well as a certificate of membership. All but 8 of the unions levy a subscription, which is usually payable monthly but in some cases varies according to the work done; in the case of the 8 unions, additional monies are collected from the trade they work in and these "perquisites" help to swell the funds of the union, reducing the subscription accordingly.

Benefits: All but 4 of the unions have some form of death benefit scheme, in the majority of the unions the method adopted being that on the death of a member all the remaining members contribute a certain sum and a fixed amount of money is given the dependants; in 6 unions benefits are paid out of the union funds. A small number of

Hongkong Exporting Industries

Following are values in HK\$ of eleven manufactured articles which are traditionally exported from the Colony, viz. Preserved Ginger, other Preserves, Soy Sauce, Canvas and Rubber Shoes, Electric Torches and Batteries, Rattan Furniture, Rope, Trunks and Suitcases, Lamps and Lampware, Hats & Caps, Umbrellas.

Year	Preserved Ginger	Preserves (excl. Ginger)	Soy	Boots and Shoes (Canvas & Rubbers)	Electric Torches & Flashlight Batteries	Rattan Furniture	Rope	Trunks & Suitcases	Lamps & Lampware	Hats & Caps	Um- brellas
1939 ..	\$ 2,795,171	\$ 705,173	\$ 559,128	\$ 8,035,431	\$ 5,279,121	\$ 785,934	\$ 832,298	\$ 1,028,689	\$ 326,059	\$ 1,085,380	\$ 418,650
1946 ..	372,650	3,715,959	142,167	3,106,910	8,321,295	973,849	721,830	2,150,347	465,019	1,519,512	77,965
1947 ..	3,341,437	5,655,165	944,863	9,915,147	17,374,179	1,892,514	986,908	3,195,095	4,356,721	1,243,668	2,980,905
1948 ..	9,509,830	4,341,829	3,091,335	12,325,259	19,144,475	2,134,282	1,154,322	3,414,803	2,984,766	2,651,126	5,889,569
1949											
Average *											
Jan./Mar.	424,169	688,594	162,795	819,138	3,434,069	247,759	225,521	315,800	253,130	347,484	450,805
April ..	214,626	172,788	150,118	3,864,209	2,801,374	214,014	—	263,837	323,122	303,658	652,860
May ..	182,340	860,566	588,900	2,853,637	3,244,697	665,458	185,327	477,109	747,080	8,832	664,472
June ..	984,175	556,160	203,020	582,745	3,120,457	243,457	36,763	276,738	291,136	342,569	287,591

Employees in Hongkong's Industries

COMPARISONS OF JUNE TOTALS WITH MARCH TOTALS

Industry	Total Employees March 1948	% of Grand Total	Total Employees June 1949	% of Grand Total
Mining and Quarrying	—	—	830	1.17
Manufacturing:				
Food Manufacturing, except Beverages	3,030	4.99	3,500	4.94
Beverage Industries	400	.66	822	1.16
Tobacco Manufactures	1,244	2.01	1,266	1.79
Textiles	13,347	22.00	18,335	25.91
Footwear, other than wearing apparel	1,316	2.18	1,419	2.01
Wood and Cork, except Furniture	536	.89	532	.75
Furniture and Fixtures	309	.52	368	.52
Paper and Paper Products	130	.22	187	.26
Printing, Publishing and Allied Industries	3,904	6.44	4,411	6.23
Leather and Leather Products, except footwear	141	.23	192	.27
Rubber Products	5,171	8.53	2,650	3.74
Chemicals and Chemical Products ...	2,235	3.68	2,701	3.82
Products of Petroleum and Coal	10	.02	5	.01
Non-metallic Mineral Products, except Products of Petroleum and Coal ..	1,662	2.74	1,737	2.45
Basic Metal Industries	966	1.59	1,163	1.64
Metal Products, except machinery ...	4,982	8.21	8,389	11.85
Machinery, except electrical Machinery	1,118	1.84	1,334	1.88
Electrical Machinery and Apparatus	3,623	5.97	4,067	5.75
Transport Equipment	12,949	21.35	12,212	17.26
Miscellaneous Manufacturing Industries	1,295	2.13	1,648	2.33
Totals, Manufacturing	58,348	96.20	67,768	95.76
Construction	52	.09	368	.52
Electricity, Gas, Water and Sanitary Services	1,348	2.22	1,461	2.06
Commerce	616	1.02	641	.91
Transport, Storage and Communication Services	62	.10	—	—
	224	.37	532	.75
Grand Totals	60,650	100.00	70,770	100.00

medical benefits and 62 unions provide the services of a Chinese herbalist while unions collect welfare fees; a few give 6 provide a foreign-trained doctor if desired. About 2 unions give free hospital treatment, 1 gives dental treatment; in other cases the union provides free passages for sick members wishing to return to their native homes; 2 unions provide old-age pensions. With regard to unemployment benefit, 72 unions

provide some relief in the form of free lodging when a member is out of work, or free food and lodging, or a monetary benefit at the discretion of the union; 69 unions give no unemployment benefit of any description. The great majority of the unions, 118, provide no strike benefit, of the remainder 17 give benefit at the discretion of the committee.

Apart from the above benefits, in the majority of cases nothing further is

done; 8 of the unions, however, give additional benefits at the discretion of the committee, 5 unions provide maternity benefits, and 4 unions provide money for the sports activities of their members.

Education: A number of the unions in an endeavour to provide schools for the children of their members, have affiliated themselves to the Educational Advancement Society, represented on the Workers' Schools Committee which operates a number of schools, in many cases on trade union premises; a small fee is charged, paid mostly by the parents. Several other unions provide day schools for the children, mainly in trade union premises, and a few run night schools for adults or for children. One women's union provides a nursery school for the children of its members and 8 unions provide vocational classes for adult members.

Machinery for Negotiation: The trade union movement in Hongkong has not yet reached the point of appreciating the importance of joint consultation with the employer in cases of dispute, and only 4 trade unions have any agreement for negotiations.

Supply of Workers: Workers are supplied to the employers in a greater or less degree by 43 unions; in the case of 11 unions the employers have an agreement to employ only union members, while in 2 cases the contractors have a similar understanding with the unions.

Women & Apprentices: Women are elected to the executive committee or supervisory committee in only 23 out of the 45 unions to which they are admitted for membership. Only 5 of the unions allow the women members a reduction in the entrance fee or subscription.

Apprentices or learners are admitted to membership in most of the unions, being definitely rejected in only one case. Only 5 unions make a reduction in the entrance fee for apprentices and 5 make a reduction in their subscription.

Economic Developments in Shanghai and Tientsin

SHANGHAI,

Shanghai's economy continued to be affected by the results of the Nationalist blockade, although reports of some resumption of trade through Tientsin and through the running of the blockade are becoming frequent. A local power company is attempting to use vegetable oil for fuel, owing to the shortage of petroleum; while the curb market rates of the US dollar rose during the early part of September as a result of the demand created by the arrival of a few ships bringing critically needed imports.

Banking and Finance.—Secret bank accounts were required to be merged into open accounts effective August 31. The daily total of rubber checks bounced to a new high owing to payroll demands; however, the imposition of severe penalties on bad checks caused the daily total to fall to 5 per cent of the September 1 high. The communist authorities increased the denominations of new PBN currency by issuing PBN 500 to PBN 1,000 notes, explaining that enlarged areas under communist control, harvesting of crops, and resumption of railways, highways, navigation, and industry, and assistance of private enterprises have led to the demand for large sums of money. Additionally, the take-over of many KMT organisations with enormous staffs has increased demands for funds. When PBN first were issued, commodity prices were low and small denomination notes convenient. Due to price advances in June-July small notes proved inconvenient and larger denominations are now justified.

Official exchange rates were during the first September week increased as follows: U.S. dollar, PBN 2,450; Pound Sterling, PBN 7,300; Hongkong dollar, PBN 455. Black market rates also continued to advance after dropping slightly at the end of the first week in September, as gold was quoted at PBN 190,000 per ounce; US dollar, PBN 3,400 (crossrates around US\$55) while the "Big Head" silver dollar continued largely unchanged at PBN 1,600. By September 12, the authorities were issuing 500 and 1,000 PBN notes at the rate of PBN 200 million per day. Owing to the easy money situation, curb interest rates declined to 0.7 percent, but the mid-monthly payroll demands for currency were expected to result in high rates.

Insurance rates on river cargoes were reduced slightly as transportation became easier and more reliable. Remittances are now possible between Manchuria and Shanghai. Collections of business tax are estimated at PBN 5 billion. Added to PBN 12 billion land tax and PBN 7 billion troop comforting fund, this makes the equivalent of US\$10 million collected by the authorities since July. There appears to be evidence that Shanghai may be the scene of increased public works in

order to absorb some of the city's numerous unemployed.

Foreign Trade.—Ten export-import firms transferred to Tientsin because of the more favorable prospects of doing business in that city. Communist trading company shipments outnumbered private commercial shipments 7 to 3 on a British vessel, which successfully ran the Nationalist blockade of Shanghai. Gasoline is reaching Shanghai via Tientsin. The local press stated that the recent upswing of foreign currency rates was due to the revival of foreign trade by blockade runners in Shanghai and Tientsin. Notwithstanding sporadic arrivals of foreign vessels, the Nationalist blockade continued to have harmful effects upon Shanghai's economy. At a meeting of the Chinese General Labour Union, the principal speaker admitted that the enemy blockade was causing great difficulties by requiring raw materials and supplies to be brought to Shanghai from the hinterland. There were insufficient trains and ships to carry supplies, and these were forced to operate at night. Most factories were forced to reduce production, and some factories are facing a complete shutdown. It was pointed out that workers may be forced to till the farmland for a year in order to avoid starvation, and labour was told to be prepared for possible wage reductions.

Commodities.—Bristles.—Due to receding overseas price trends, unrealistic foreign exchange rates, and transport difficulties for exports via North China, Shanghai exporters are taking a dim view over prospects of bristles exports and have reduced interior purchases. There were no exports of bristles from Shanghai during August. Stocks in private hands as of the end of August were small, roughly 700 cases — most of which were the Shanghai 17 case assortment—owing to heavy shipments prior to the communist take-over. The East China Foreign Trade Bureau was directed by the Shanghai Military Control Council to buy up stocks in private hands as a relief to exporters and to facilitate future control of the bristle trade through government channels. Due to unfavorable prospects of exports and pressing demands for cash to meet operational costs, private exporters were forced to accept a price of PBN 525,000, far below the actual cost of production and procession. Following are estimated production and processing costs of bristles: Shanghai, PBN 800,000 per shih picul; Chungking, PBN 750,000; and Hankow, PBN 1,000,000.

Other commodities remained stable throughout the two-week period ending Sept. 10, aided by communist dumping of rice, flour, and cotton cloth. During August the Shanghai Food Company dumped 5.5 million shih catties of rice on the market, representing 8 percent of the total rice trade in Shanghai, and released 100,000 bags of flour, or 25 percent of the total traded. Rice arrivals in Shanghai are increasing as the Shanghai-Hangchow rail

service improves and prices in the producing areas decline. Other food prices remained steady. Rice was quoted as PBN 46,000 per picul, down PBN 4,000 from August 29, although the Parity Deposit Unit rose to 832, up from 813 on August 29, as a result of an increase in the price of cotton cloth; however, the authorities began to dump increasing amounts of this item in order to lower its price.

TIENTSIN

Attempts to establish branches of Shanghai factories manufacturing shirts, light bulbs, and cigarettes were stymied by lack of power facilities, and this factor is expected to prove a major deterrent to the removal of certain Shanghai industries to Tientsin. It has been suggested that small power plants which are idle and available in Manchuria be brought to North China by the communist authorities.

Foreign Trade.—Consular declared exports to the United States in August 1949 amounted to US\$1,406,738, of which dried egg products totalled \$391,958, or 28 percent; woolen floor coverings, \$268,073 or 19 percent; horse hair, \$163,323, or 12 percent; and raw furs, \$158,646, or 11 percent; bristles, \$94,815; straw braids, \$80,106; and sheeps wool \$79,308. It is estimated that at least half of August's declared exports was shipped by the North China Foreign Trade Company (communist agency) either direct or through private agents on a commission basis. Exports in May, June, and July 1949 amounted to US\$714,803, \$1,560,624, and \$1,705,533, respectively.

Foreign trade returns released by the Tientsin Maritime Customs state that total exports during July were valued at PB\$6,210,688,415 and imports PB\$ 2,772,374,606. Egg products topped the list of exports, with 25 percent of the total, followed by vegetable oils, 11 percent; seeds and kernels, 8 percent; beans 7 percent; bristles 7.5 percent; sundry merchandise, 6 percent; rugs and carpets, 6 percent. Principal imports were: paper and books, 26.5 percent of the total; chemicals and pharmaceuticals, 14 percent; metals, 14 percent; dyestuffs and pigments, 10 percent; rubber articles, 6 percent; and machines and tools, 4 percent.

Destinations of exports during July were: Hongkong, 47 percent; U.S.A., 28 percent; and Japan, 4 percent. Imports during the month came from the U.S.A., 42 percent; Britain, 16 percent; France, 7.5 percent; and Sweden, 7 percent.

The total value of exports during July 1949 compared well with the same month in 1948, although there were great declines in the values of bristles and rugs, Tientsin's principal exports during 1948.

The Tientsin Navigation Bureau claims that 70 vessels called at Taku Bar and Tientsin during August, aggregating 130,009 tons or 65 percent more than in July. Of the August total, 35 vessels were small Chinese boats plying mostly between North China ports. Of the 35 foreign vessels, 23 came from Hongkong and the remainder from the United States and Japan. August cargo (both in and out) totalled 31,231 tons; and passengers, 2206.

THE ECONOMY OF CHINA

REVIEW OF DEVELOPMENTS IN 1948 AND OUTLOOK FOR FUTURE

Chinains still in the throes of a civil war which threatens to demoralize the country's economy. An accelerated inflation, which had been stopped temporarily by the introduction of a new monetary system, was well on its way toward becoming the worst and longest sustained in recent history. In mid-August 1948, the Central Government replaced the Chinese National Dollar (CN\$), which was then valued at nearly CN\$12,000,000 to US\$1 in Shanghai's black market, with a new monetary unit, the Gold Yuan, which was valued at US\$0.25. This currency was held at the official rate for a few weeks, but the tide of inflation, activated by an unbalanced budget and the issuance of enormous quantities of fiat money, then surged forward, and by the end of 1948 the market value had declined to 120 gold yuan for US\$1, or CN\$360,000,000 in terms of the former currency.

Traditionally, China has had an unfavourable balance of trade. In 1948, however, exports exceeded commercial imports by the equivalent of US\$29 million. This was accomplished by reducing commercial imports 56 percent below those of 1947, while exports were encouraged. Exports were encouraged to some extent by Government purchase of commodities at the domestic price when above the world price; then these commodities were disposed of through commercial export channels on a commission basis.

Exports were frequently handicapped by the official rate of the currency, which was overvalued in terms of domestic production costs and world prices, with the result that various subterfuges, such as undervaluation of exports, were perforce resorted to in order to continue in business. The scarcities in both imports and exports, which arose from quota limitations on the one hand, and low export prices on the other, were further accentuated as the flight from the rapidly depreciating currency caused the populace to convert their holdings of Chinese National dollars, and later gold yuan, into commodities.

The difference between China's needs and the amount of imports for which the Government could afford to grant foreign exchange was left to be made up by American financial aid, of which US\$275,000,000 was appropriated under the program of the Economic Cooperation Administration, and \$125,000,000 for military assistance. Additionally, China received \$45,000,000 in assistance under an interim aid program prior to the passage by the United States Congress of the act establishing ECA. Of the \$445,000,000 provided by American aid, approximately \$218,000,000 had arrived by the end of 1948.

Although \$67,500,000 had been budgeted by ECA for the rehabilitation of China's railways, electric power supply, coal mining, and production of fertilizer—all of which were vital to the country's well-being—these projects were suspended at the end of the year pending a re-examination of the rapid-

ly deteriorating political and military situation.

To raise China's economy to a level to where the standard of living is materially improved, it would be necessary to have the following conditions and programs: A long period of internal peace and stability, an agricultural program of improved irrigation and scientific production of crops, an industrial program to enlarge the transportation system, improvement in the technological level of the people, and a program to develop the country's natural resources. Then it would be possible to expand foreign trade and to lessen the country's dependence on external aid. Concomitant with such a program would be the need for foreign investment, since the country's domestic and external financial resources, both official and private, are insufficient for this purpose.

The postwar period, however, has furnished little incentive to foreign investment. Not only have communist victories and acquisition of large portions of China, especially in those areas where foreign investment could be most profitably employed, made foreign investors chary of adding to or planning new enterprises, but the flight of domestic capital, which reached serious proportions during 1947 and 1948, has reduced the amounts of funds available within the country. Within Nationalist-held territories, regulations against the remission of profits on foreign investments to the home country and, in some cases, the fixing of prices or rates at which services could be sold at so low a level as to create financial loss to the investor constituted additional deterrents to foreign investment.

Therefore, in the absence of additional foreign aid, China will be forced to curtail its commercial imports even further than in 1948, exports will also decline—owing to the disruption wrought by the civil war, and industry will suffer declines because of the scarcity of raw materials and capital replacement items from abroad.

FINANCE—PRICES—EXCHANGE

Worsening Exchange Position

Although China had accumulated some US\$900,000,000 in foreign exchange over the war years, the financial and exchange situation began to worsen shortly after VJ-day with the communist expansion from the north. With the financing of the civil war through a fiat note issue of ever-increasing proportions, it has been impossible for the Government to balance its budget and a hyperinflation of the currency has occurred. As a result, foreign exchange reserves have been dangerously depleted, with the amount of external exchange assets remaining to the Government at the end of the 1948 estimated at US\$150,000,000.

Beginning early in 1946, and continuing through 1948, the Government instituted a series of foreign exchange and trade control measures designed to curb the flight of capital and improve

its economic position. An attempt was made to encourage exports and retard imports through a quota and licensing arrangement, but the measures had the opposite effect. In the past, licensed importers had been favoured with a relatively cheap foreign exchange, while exporters had to compensate in some way for the discrepancy between official and black-market rates. As a result, a large portion of the exchange accruing to Chinese exporters from exports was retained abroad in private accounts.

Currency Depreciation

The rate at which the Chinese currency depreciated may be seen by comparing the officially announced exchange rates with blackmarket quotations. At the end of January 1948, the so-called official open-market rate of exchange or cover rate, in terms of United States currency, was already more than 200 percent above the rate which was established on August 17, 1947; by August 1948 the rate of increase was more than 1,100 percent. Even more precipitous, however, was the decline of the Chinese National dollar on the black market, which serves as a more accurate yardstick in evaluating the decreased purchasing power of the currency. In the period from January through August 19, the black-market rate for US\$1 rose from CN\$170,000 to CN\$12,000,000, an increase of about 7,000 percent. The average monthly rate of depreciation, compared with the preceding month, was more than 70 percent.

It was at this point that the Government, on August 19, 1948, introduced the new gold yuan currency with an exchange rate of four gold yuan to one United States dollar and fixed the conversion rate for exchanging old *fapi* (Chinese term for legal tender) into the new currency at the rate of CN\$ 3,000,000 to US\$1. Thus, in effect, the Government legalized the then prevailing black-market rate of CN\$12,000,000 to US\$1. Originally, the total note issue was to be limited to 2 billion gold yuan, which, presumably, was backed by a 100-percent reserve composed of 40 percent gold, silver, and foreign exchange, and 60 percent in bonds and securities and Government-owned enterprises.

The outpouring of notes required to redeem old *fapi*, in addition to redeeming the gold, silver, and foreign exchange holdings required to be surrendered, resulted in an expanded purchasing power which had no outlet under the artificial price ceilings imposed by municipal authorities, particularly in Shanghai. Also, at this time, the tempo of the communist offensive was stepped up, beginning with the capture of Tsinan in Shantung Province. The net effect was to shatter much of the remaining confidence the public had left in the new currency, and to admit that inflation, instead of being retarded, had actually been given a tremendous impetus.

Thus, the Government was forced, on November 1, 1948, to remove the price ceilings and, 10 days later, to devalue the gold yuan to GY20 to US\$1.

From shortly thereafter until the end of the year the black market was again in full swing, with quotations reaching GY138 to US\$1 by the end of December.

Reforms of August 19, 1948

On August 19, along with the introduction of the gold yuan, the Government found it necessary to announce emergency financial and economic reform measures. Under these reforms, all foreign exchange assets held abroad were required to be registered. In addition, the possession, circulation, sale, or purchase of gold, silver, silver dollars, and foreign currencies was prohibited. Moreover, the reforms imposed price ceilings on all commodities at the August 19 levels, and rigorous enforcement was undertaken, particularly in the metropolitan areas. Hoarding and speculative activities were strictly forbidden, with severe punishment meted out to violators. At the same time the Government ordered the closing of the stock exchange, but attempted to offset this action by offering for public sale shares in certain Government owned and operated enterprises. Since the number of shares offered for sale represented less than 50 percent of the total amount outstanding, the Government still retained the controlling interest. As a result, the public lost interest and the stocks were purchased mainly by large companies and banks.

For a limited period following the announcement of the reforms, there was relative stability. The surrender of gold, silver, and foreign currencies strengthened the Government's exchange position, while the new currency, by approximating the black-market rate, stimulated exports as well as oversea remittances. The tempo of note circulation was even slowed down temporarily.

Although a balanced budget was sought to be achieved through an adjustment in the tax rates, this was impossible in the face of mounting military expenditures and increased Government subsidies to maintain artificial price ceilings. Again, it became necessary to inject large amounts of notes into circulation. It had become evident, even by early October, that the reform measures had failed. Thus, on November 1, price ceilings were removed in an effort to stimulate the flow of goods, and on November 11, the August reforms were revised to again permit holdings of gold, silver, and foreign currencies. Small quantities of gold were offered to the public at GY2,000 per ounce—a price 10 times that prevailing 3 months earlier. In addition, the gold yuan was officially devalued from GY4 to US\$ to GY20 to US\$1. In effect, conditions had reverted back to where they were prior to August 19, with the only advantage that counting in millions or billions was for the time being done away with. Because of the gravity of the situation, the Government no longer attempted to plan long-range programs but relied instead upon measures designed to meet immediate problems.

Budgetary Imbalance

For the past 10 years, the problem of balancing the budget has been at the roof of China's inflation problem. Budgetary imbalance has been rendered more acute recently, however, because of the deteriorating economic and military situation.

In 1948, the budget problem had become more serious because of further loss of Nationalist territory to the communists, with consequent disruption to transport and communication facilities which, together with increased smuggling activities, combined to reduce receipts from taxes and customs duties.

Because of the rapid depreciation of the Chinese currency during 1948, the Government made no attempt to prepare a budget covering the entire year, and resorted rather to preparing a budget on a semi-annual basis. So great was the rate of currency depreciation, however, that estimates for even a half year went as far astray as those prepared on an annual basis. Expenditures from January through June 1948 were estimated at CN\$96 trillion—more than two and one-half times that of total expenditures in 1947. Actually, however, expenses for this period totaled CN\$260 trillion. Of this total, 60 percent, or CN\$155 trillion, were devoted to the military. To make up part of this deficit, it has been unofficially estimated that a sum of CN\$24 trillion was borrowed. The remainder of the deficit was financed through an expanded note issue.

The situation in the second half of 1948 was even more critical than that in the preceding 6 months. As first announced, the budget called for ordinary expenditures of CN\$325 trillion and extraordinary expenditures amounting to CN\$600 trillion. In the month of August alone, the Government's actual expenses, calculated in the new gold yuan, were CY300 million. At the announced conversion rate of CN\$3 million to 1 gold yuan, this was the equivalent of CN\$900 trillion, or nearly the entire amount budgeted for the entire 6 months' period. Final resulting expenditures for the last half of 1948 were reported as being equivalent to CN\$10,000 trillion, or nearly 1,000 percent greater than the figure originally estimated. In brief, each budget was higher than the preceding one, and each was overspent several times, with the deficit being financed largely through resort to the printing press.

Note Issue

Probably the most significant figures in the Chinese budget are those of the note issue, which had little reserve backing. In recent years, the increased note issue has assumed greater importance in view of the fact that it has been utilized to finance two-thirds of the Government's expenditures. Of the remaining one-third, a sizable portion was derived from such nonrecurrent items as the sale of Government property and from internal loans.

Chinese Note Issue in Chinese National Dollars and Its Real Value in United States Dollars, 1937 through 1946, October 1947, and Quarterly 1948.

Year and month	Total Chinese National dollar note issue (billion CN\$)	United States dollar value of total note issue at stipulated rates
1937, June	1.4	420,420,420
1938, December	2.3	690,690,690
1939, December	4.2	324,074,074
1940, December	7.8	431,415,929
1941, December	15.0	795,755,968
1942, December	24.0	1,200,000,000
1943, December	75.0	882,352,941
1944, December	190.0	348,623,853
1945, December	1,040.0	770,370,370
1946, December	4,700.0	728,682,170
1947, October	22,200.0	258,139,534
1948, January	35,000.0	218,750,000
March	70,000.0	142,857,143
August	600,000.0	50,000,000
December	60,000,000.0	166,666,667

The issuance of the new gold yuan currency did nothing to retard inflation, but actually served to help it along. First of all, the Government was required to redeem all outstanding fapi at the announced conversion rate of CN\$3 million to 1 gold yuan. As the total note issue on August 19 was calculated at CN\$600,000 billion, this would require the equivalent of GY200 million. In addition, it was announced by the Government that, in the first few weeks following the announcement of the August 19 reforms, individuals had surrendered gold, silver, and foreign currencies totaling another GY600 million. Thus, for redemption purposes alone, a total of GY800 million was expended, an amount which represented 40 percent of the original limit of GY2 billion established for the new note issue.

Prices and Cost of Living

Another aspect of the currency depreciation is revealed in the increase of commodity prices. Although price indexes over the year showed tremendous increases, there were brief periods of price retrogression, however, caused by tightness of the money market. This latter situation arose because the increase in the note issue did not keep pace with the rate of currency devaluation, with the result that the lack of circulating medium to meet monthly pay rolls, and traditional settling-of-account days, acted as a temporary depressing influence upon prices.

The tremendous increase in prices during 1948 over the preceding year is revealed by the whole commodity price index in Shanghai. In the 12 months from December 1946 to December 1947, the wholesale price index increased by a total of 14.7 times, whereas, from December 1947 to December 1948, the index for this city skyrocketed by some 1,200 times.

Balance of Payments and Foreign

Exchange Position

China's balance of international payments and foreign exchange position can only be estimated because of the lack of accurate data. China had an unfavourable balance of trade of approximately US\$41,000,000 according to one source, but according to another,

there was a favourable balance of \$112,000,000; while according to a third method of calculation there was a favourable balance of \$29,000,000.

One of the largest sources of prewar revenue to China was that received from remittances of overseas Chinese. Some estimates place the value of overseas remittances in prewar years at US\$100,000,000 annually; however, there has been a considerable reduction in the sums received from this source during the postwar years, primarily because the low rate of Chinese currency paid for the foreign exchange has caused a diversion of these remittances to Hongkong, and because of the ravages of the Pacific War in Southeast Asia, where most of the overseas Chinese have settled, have led to a reduction in their savings. Remittances yielded foreign exchange valued at US\$20,000,000 in 1946, while only slightly over the equivalent of \$8,500,000 was received in 1947. At the end of 1948, however, foreign exchange from remittances totaled the equivalent of \$25,600,000. This increase was accounted for largely in the immediate period after August 19, when for the first time in several months, recipients in China received an amount of local currency which had a purchasing power commensurate with the foreign exchange remitted.

Additional receipts during the year were expenditures of foreign embassies and consulates in China; funds received by missionary organizations from overseas; and a credit from the United States Export-Import Bank amounting to US\$10,793,750.

In addition to commercial imports, other objects of foreign-exchange outgo during 1948 were imports on Government account, estimated at US\$100,000,000; external debt service estimated at US\$40,000,000; while educational and miscellaneous payments approximated an additional US\$30,000,000.

It is estimated, therefore, that in 1948 China's receipts from commercial exports, overseas remittances, and other international income were insufficient to pay for her commercial and official imports (excluding those financed by the United States Government's aid programs), debt service, and other obligations. The resulting deficit for the year, amounting to an estimated US\$70,000,000, was met presumably through official drawings upon China's critically low foreign-exchange reserves, which were estimated to US\$150,000,000 at the end of the year.

China's holdings of net short-term credits, both official as well as private, in American banks, as reported by the latter, amounted to US\$189,000,000 in December 1948.

FOREIGN TRADE

Any attempt at analysis of China's foreign trade poses the problem as to which one of several sets of data should be selected as the basis. Statistics of the Chinese Maritime Customs, which agency prepares the official foreign trade data, show commercial imports as being valued at US\$211,072,528 in 1948, and exports at US\$170,431,722, or an

unfavourable balance of trade of almost US\$41,000,000. However, data compiled by the Export-Import Board from receipts of foreign exchange derived from exports and allocations of exchange for imports show licensed commercial imports valued at US\$118,000,000 and exports at approximately US\$240,000,000. Since the export data obtained from receipts of foreign exchange surrendered by exporters are less open to question than those obtained from the average monthly rate of a continually decreasing monetary unit, as utilized in the Chinese Maritime Customs returns, this report utilizes the export figure arrived at by the Export-Import Board; while the value of commercial imports as calculated by the Chinese Maritime Customs has been used, since the Export-Import Board figure includes only those imports for which it provided foreign exchange.

On this basis, commercial imports into China for the year 1948 declined by 55.8 percent; while exports increased 4.5 percent. A comparison of China's foreign trade data in 1948 with those of 1947 and the last prewar period, 1936, is published below. It should be noted that, according to the statistics selected herein, 1948 witnessed a favourable balance of trade for the first time in several years. This situation, however, was made possible by severe reductions in imports, the dislocations of which were alleviated by the receipt of US\$226,000,000 in imports under various programs of United States aid to China, the quantities of commodities thus received not appearing in the tabulation of commercial imports.

Value of China's Commercial Imports, Exports, and Balance of Trade, 1936, 1946, 1947, and 1948.

(Value in millions of U.S. dollars)			
Year	Commercial imports	Exports	
1936	277.0	207.7	
1946	552.4	148.9	
1947	477.6	229.2	
1948	211.1	240.0	

Among the important changes in the pattern of China's postwar foreign trade, the proportion of imports from the United States to China's total has increased by two and a half times during the intervening 12 years, but exports to the United States have decreased by 6 percent. The United Kingdom has lost ground in both imports and exports; while the percentage of exports destined for Hongkong is twice as large as prewar. Japan and Germany, both of which were important in China's prewar trade, have thus far been virtually eliminated as sources of supply of raw materials; however, Japan was China's fourth most important customer during the year under review, most of the exports to her being sugar from her erstwhile colony of Taiwan.

There has also been an increase in the percentage of China's trade with southeast Asia, and with the Middle East. Thus, India was China's second most important source of imports during 1948, whereas in 1936 there were no recorded imports from that country. Imports from India consisted mainly of

raw cotton in exchange for manufactured textiles from China. Imports from Iran and Arabia consisted almost entirely of petroleum products; while imports from Burma consisted of rice (72 percent of Burma's exports to China), and raw cotton (27 percent). Although imports from Indonesia have declined by nearly 80 percent of the 1936 figures, owing to the civil war in that country, exports thereto, mainly textiles, have increased tenfold. The Philippines are also an important customer, exports to that country increased from 3.36 percent of China's total in 1947 to 3.80 percent in 1948, with yarn and textiles comprising the majority of the shipments.

Aid Programs—BOTRA, CRM, and ECA

Board of Trustees for Rehabilitation Affairs (BOTRA).—At the end of 1947 the activities of UNRRA were assumed by a Chinese organization known as Board of Trustees for Rehabilitation Affairs (BOTRA). The assets transferred to BOTRA by UNRRA included residual supplies and equipment valued at US\$60,000,000, foreign exchange valued at about US\$5,000,000, and a local currency account maintained by the Central Bank in terms of cotton yarn (some 190,000 bales), valued at about US\$50,000,000. With this working capital, BOTRA carried on, during 1948, the rehabilitation program originally initiated by UNRRA, designed principally to modernize and improve China's agricultural machinery and techniques, waterways, and coastal fishing facilities. Despite the expenditure of millions of dollars, these financial assets were practically undiminished at the end of 1948—owing in large part to favorable interest payments on the cotton yarn account, and to the receipt of income, from United States funds, for shipping services performed for the U. S. Foreign Liquidation Commission between the Pacific Islands and China. BOTRA, therefore, is enabled to carry its projects forward for an indefinite period.

China Relief Mission (CRM).—In anticipation of the termination of UNRRA in China and the probable slow development of a subsequent long-range program of American aid, the United States, in 1947, provided for a fund of US\$45,000,000, to be administered by the Department of State, for interim emergency aid to China through June 30, 1948. The resulting China Relief Mission (CRM) was established in the latter part of October 1947. During the brief time at its disposal, it accomplished the following: (1) Organized a cereal-rationing system for the major coastal cities, which expended US\$40,000,000 for 200,000 tons of cereals; (2) initiated a flow of insecticides and medicines into China, valued at US\$5,000,000; and (3) used the local currency proceeds from the sale of rationed cereals to finance some 500 local charitable, medical, and relief projects, and underwrote some 24 public works and conservancy projects.

Economic Cooperation Administration (ECA).—When the China Aid Act was approved, on April 3, 1948, China was in the midst of the longest sustained in-

flation in modern history. Her holdings of gold, silver, and United States dollar foreign exchange, which had amounted to over US\$900,000,000 at the end of 1945, had dwindled to \$230,000,000 by the beginning of 1948. Approximately 70 percent of the total budget was being spent on the civil war, while receipts in 1947, of which 64 percent came from taxes and most of the remainder from nonrecurring sources, covered only 31 percent of expenditures. The resulting inflation led to a stagna-

tion of industry and foreign trade, and contributed to a loss of popular confidence in the National Government.

The China Aid Program was not originally conceived as something that could by itself turn back or even arrest these trends. It was described as an effort to assist in retarding the current economic deterioration and thus give the Chinese Government further opportunity to initiate the measures necessary to the establishment of more stable economic conditions. Although the

program originally contemplated the expenditure of \$338,000,000 for aid to China, \$275,000,000 was appropriated to be administered by ECA; an additional sum of \$125,000,000 for military aid was appropriated and left to the disposition of the Chinese Government as it saw fit. Of the total of \$275,000,000 administered by ECA, \$203,800,000 were earmarked for a limited number of basic commodities (food, fuel, cotton, fertilizer, and coal); \$67,500,000 for an industrial program designed to rehabilitate power plants, coal mines, and railroads, and to establish new as well as to extend existing plants for the manufacture of fertilizer; \$2,500,000 for rural reconstruction program; and \$1,200,000 for administration. The commodity program envisaged ECA imports into China of supplies averaging US\$20,000,000 a month. As of December 31, 1948, \$194,000,000 of the commodity funds had been authorized for procurement, and about \$112,000,000 of these supplies had arrived in China. Toward the end of the year, some of the projects were ready to start actual procurement and construction work; but in December, it was necessary to suspend allocations for such work pending clarification of the political and military situation. Similarly, the Rural Reconstruction Commission was only emerging from the plant planning stage at the end of 1948, and had tapped only a small part of the \$2,500,000 set aside for this program.

Trade in Commodities

Quantity of Selected Commercial Imports and Exports, 1936, 1947, and 1948
(Quantity in metric tons of 2,204.6 pounds)

Commodity	1936	1947 Imports	1948
Petroleum products	958,420	2,200,344	1,511,091
Raw cotton	40,690	121,236	89,522
Cotton piece goods	6,058	742	200
Machinery and tools	n.a.	40,280	53,407
Tobacco	10,820	25,003	13,617
Metals and ores	659,763	242,609	211,352
Paper and pulp	320,000	95,450	88,086
Vehicles and vessels	n.a.	41,069	71,703
Gunny bags	11,884	19,238	13,393
Chemicals and pharmaceuticals	238,333	107,356	146,820
Timber	1,388,137	293,429	380,875
Rice and paddy	310,349	114,837	91,012
Wheat and wheat flour	147,816	98,191	15,979
			Exports
Miscellaneous piece goods	8,735	9,750	26,223
Tung oil	86,738	80,537	76,093
Bristles	5,265	4,435	4,593
Tungsten (wolfram)	7,050	6,109	13,054
Raw silk	8,653	1,676	1,224
Tea	37,284	16,443	17,501
Hide and skins	17,200	3,431	6,794
Egg and egg products	79,228	10,085	31,626
Laces and embroideries	n.a.	290	726
Hog casings	2,997	847	913
Tea oil	3,791	15,340	8,248
Tin	11,260	4,115	3,912
Sugar ¹	880,026	8,566	77,497
Other vegetable oils	44,708	7,300	18,333

n.a. Complete data not available.

¹ Includes exports from Taiwan in 1936, although area was under Japanese control.

Distribution of China's World Trade

(Expressed as percentages of total value)

Country	Imports			Exports		
	1936	1947	1948	1936	1947	1948
Total	100.00	100.00	100.00	100.00	100.00	100.00
United States	19.64	50.15	48.42	26.36	23.31	20.06
India	—	9.04	10.59	—	3.17	3.84
United Kingdom	11.70	6.86	8.05	9.18	6.56	3.90
Canada	2.09	3.80	4.63	.75	.36	.68
Iran	—	3.70	3.31	—	.07	.04
Arabia	—	1.47	2.12	.06	.28	.58
Belgium	2.75	2.00	2.09	.89	1.64	.55
Malaya	1.15	3.31	2.05	2.22	2.66	2.48
Siam	2.00	.72	1.99	.57	3.06	5.06
Indonesia	7.88	.86	1.64	.67	.93	6.89
Hongkong	1.88	1.84	1.48	15.07	34.18	31.44
Australia	1.69	1.30	1.41	.86	.58	.71
Burma	—	1.12	1.21	—	.28	1.85
Italy	1.29	.48	1.10	.48	1.28	.71
Other	47.93	13.35	9.91	42.89	21.64	21.21

China's Foreign Trade and Exchange Controls in 1948

China's meager foreign exchange resources forced the Government to continue its foreign trade and exchange controls throughout 1948, with the addition of several new measures designed to stimulate exports of both native and light industrial products, while at the same time curtailing imports.

In the foreign exchange measures, attempts were exerted to introduce a more realistic exchange rate, which was revised no less than nine times by the Foreign Exchange Fund Equalization Commission during the first 5 months of the year. These revisions were abandoned on May 31, 1948, in favour of the Foreign Exchange Surrender Certificate system, which, although reducing somewhat the profits to be derived from imports, encouraged exports. Under this system, exporters sold their foreign exchange proceeds to appointed banks and received Chinese National Currency at the official rate of CN\$474,000 for US\$1 plus an Exchange Surrender Certificate made out in United States dollars for the amount of exchange sold. The Exchange Surrender Certificate was designed to equalize the difference between the official rate and the black-market rate for foreign currencies, thus affording the exporter a realistic rate of exchange for his exports. In practice, however, the combined rate of the certificates plus the official rate lagged some 30 percent below the market rate; except for the first few days following the introduction of the plan, owing to the reduction in total quantities of permitted imports; and the Central Bank was forced to step in and purchase the cer-

tificates in order to maintain them at the value mentioned above. The certificates were then sold on the open market to importers who were required to produce them in order to obtain foreign exchange to import all items, except rice, wheat, flour, cotton, and fertilizer.

The greatest stimulus to exports occurred during the early period of the currency and monetary reform of mid-August—at which time the Foreign Exchange Surrender Certificate system was abolished—when one United States dollar was officially valued at four gold yuan or CN\$12,000,000, a rate slightly higher than the prevailing black-market quotation. Exports, however, again became stymied by the beginning of October, when the currency, the Gold Yuan, embarked on the same path of run-away inflation as the *fapi* which it had replaced. The Government then reinstituted the certificate system, known as the Foreign Exchange Clearance Certificate, based upon the principle of linking imports with exports, in an attempt to stimulate the latter. This measure was successful, and sales of exchange to the Central Bank arising from exports increased from US\$12,900,000 in October to \$20,000,000 in November and to \$25,000,000 in December, although in the latter month exports were also stimulated by the desire to get rid of stocks of commodities before the expected arrival of the Chinese communists.

Additional measures instituted by the Government during the year included export loans, loans to industries to purchase raw and packing materials to export their manufactured products, and the adoption of floor prices for export goods to prevent dumping. Owing to the wide disparity existing between the official and open-market foreign exchange rate, exporters had frequently been unable to collect commodities and export them at a profit. The Government therefore collected goods which were beyond the reach of the private exporters, and entrusted them to private foreign traders for export on a commission basis.

As in 1947, permitted imports into China were divided into three categories: Schedule I, capital goods; Schedule II, essential industrial raw materials and commodities; and Schedule III (a), all other goods the import of which was permitted from time to time under license. Prohibited imports were listed under Schedule III (b), goods whose import was temporarily suspended; and Schedule IV, prohibited imports. Some imports, reportedly in Schedules III (a) and III (b), were permitted to be brought in with privately held foreign exchange, but the total amounts of commodities so imported are not known.

Principal Imports

Petroleum products.—Petroleum products held their traditional place in 1948, as China's principal group of imports, both in physical volume as well as value. Commercial imports, which, in 1947, were nearly two and one-third times as large as those in prewar years, dropped to 1,511,091 metric tons, a decrease of 31.3 percent below 1947, but nearly 58 percent above the volume in

1936, a normal prewar year. However, the value of petroleum imports, in 1948, under the ECA aid program, amounted to US\$28,500,000, which value does not show in the official import statistics. It is probable that the decline in commercial imports as compared with 1947 was made up, if not exceeded, by the quantities supplied by ECA. Since production of crude oil in China is negligible, the country is almost wholly dependent upon imports for the operation of utilities, transport facilities, manufactures, and household use. The cutting off of coal from north China, as a result of the civil war, greatly increased the importance of petroleum products for power and industrial units in which they could be substituted for coal. The pattern of imports has changed materially since 1936, when kerosene accounted for about 60 percent of total petroleum imports. Now the leading items are liquid fuel and gasoline, commercial imports of the former amounting to 992,911 metric tons in 1948, a decrease of 18 percent below 1947; while imports of gasoline, including naphtha and benzene, amounted to 339,000,000 liters, or 38 percent below the preceding year. Imports of kerosene amounted to 127,000,000 liters, a decrease of 68 percent below 1947. Although kerosene was in demand for household lighting and fuel in rural districts and towns lacking electricity, disruptions in transportation and shortages of exchange restricted its use greatly during the year.

Paper and woodpulp.—Imports of paper and woodpulp in 1948 amounted to 88,086 metric tons, a decline of 7.7 percent from 1947, and 72.5 percent less than imports in 1936. Domestic production could not make up the deficit in supply, even with the encouragement afforded by the restriction of imports of lower-priced foreign products, and shortages existed in all lines, especially paper and newsprint.

Motion pictures.—Quota allocations for imports of developed motion picture film, without the provision of foreign exchange, were limited to 1,600,000 meters in length for the period of August 1947 through January 1949. Imports amounted to 1,830,824 meters in 1948, a decrease of only 15 percent from the total imported in 1947. In 1948, 74 percent of the total motion pictures came from the United States, 12 percent from Hongkong (some of which may have been American made), 8 percent from the U.S.S.R., 3.5 percent from the United Kingdom, and 3 percent from France. As in 1947, the inability of the distributor to remit profits, and the reluctance of the price control authorities to permit increases in administrator charges in accordance with price advances in other goods, hindered the trade during the year.

Chemicals, dyestuffs, and pharmaceuticals.—Imports of chemicals, dyestuffs, and pharmaceuticals were insufficient to meet China's requirements, a fact which retarded industrial production and encouraged commodity speculation. Total imports of chemicals and pharmaceuticals amounted to 146,820 metric tons in 1948, an increase of 36.8 percent compared with 1947, to which should be

added US\$5,000,000 of drugs brought into China under American aid. Notwithstanding the increase in imports compared with 1947, additional quantities, particularly in the interior of China, were needed, but imports were hindered by the lack of exchange as well as the disruption in communications. Imports of dyestuffs amounted to 19,633 metric tons in 1948, a decrease of 21 percent below 1947. Most items were in short supply, but the aniline dyes were in greatest demand.

Raw cotton.—Commercial imports of raw cotton amounted to 89,522 metric tons or nearly 400,000 bales in 1948, a decrease of 26.2 percent below those of 1947. Included in this amount was 240,000 bales of Indian cotton which were imported under barter arrangements. An additional 300,000 bales were procured under ECA aid, thus making 700,000 bales imported in all. Imports of cotton varied from 100,000 to 1,000,000 bales in prewar years, depending upon China's domestic crop, therefore making it difficult to arrive at normal annual import figure; however, it is believed that the average was 600,000 bales, of which more than half comprised long-staple cotton, but the number of spindles then in operation was 25 percent larger than during 1948. At the end of 1948, stocks were critically low and domestic deliveries continued on a hand-to-mouth basis, but the mills were enabled to continue operating at or near maximum capacity.

Tobacco.—Prior to the Japanese invasion of China in 1937, imports of leaf tobacco averaged a little more than 49,000,000 pounds annually; however, domestic production has been encouraged by the Chinese Government to such an extent that China's dependence upon foreign sources of supply has been greatly lessened. Imports of leaf tobacco in 1948 amounted to 20,900,000 pounds, 49 percent less than that imported in 1947; while imports of tobacco stems declined to slightly less than 9,000,000 pounds, of 19 percent below 1947. The United States maintained its traditional position as virtually the sole supplier of China's imports of tobacco, by furnishing 96 percent of the leaf and practically the entire amount of stem tobacco imported in 1948. Notwithstanding the decline in imports of tobacco during 1948, production of cigarettes was only 10 percent below the record-breaking amount of 1,755,000 cases produced in 1947. The domestic crop of flue-cured leaf tobacco reached 270,000,000 pounds, an all-time record, and an increase of 127,000,000 pounds compared with 1947.

Principal Exports

Bristles.—Exports of bristles, which amounted to 4,593 metric tons in 1948, an increase of 3.6 percent compared with 1947, constituted China's most valuable commodity exported during the year, yielding the equivalent of US\$31,000,000. The amount shipped during the year approximated the 1938-40 average, but was some 21 percent below the phenomenal shipments of 10,500,000 pounds in 1946, which included large amounts that had been hoarded during the war. The United States

continued to be the largest purchaser of bristles during 1948, taking nearly 68 percent of China's direct exports, while the United Kingdom was in second place with 11.5 percent. Hongkong took the third largest amount with 9 percent, but roughly two-thirds of its bristles were re-exported to the United States. Approximately 64 percent of China's exports of bristles were shipped from Shanghai and 26 percent from Tientsin. Commercial exporters operated on a very close profit margin throughout the year. Local production costs, when converted into foreign currencies at the official open-market rate, or at the combined open-market and exchange surrender certificate rate, frequently approximated the world market prices. Consequently, most business was done during the periods when changes in exchange rates or in fiscal policy brought the rates within approximation of the black-market exchange rates.

Tung oil.—Tung oil, which is usually China's most valuable raw material export, dropped to second place in 1948. Exports during the year amounted to 76,093 metric tons, or 5.5 percent less than in 1947, and 12.3 percent less than in 1936. The United States continued as the most important purchaser with 52 percent of total exports, while Hongkong was second with 35 percent; however, a third of Hongkong's re-exports went to the United States. The decline in exports of tung oil was due primarily to unsettled political conditions and the difficulties in exporting as a result of unrealistic exchange rates. Shipping difficulties on the Yangtze River were frequent throughout the year, and by December 1948, stocks of tung oil at Shanghai were low and arrivals from producing areas were slow.

Furs and skins.—Notwithstanding the decline in prices of skins and furs during 1948, China almost doubled its exports of these items over 1947. Exports, which in 1947 had totalled only 3,431 metric tons, rose to 6,794 tons in 1948, an increase of 98 percent. Although exports of kolinski furs dropped from 310,277 pieces in 1947 to 157,417 pieces in 1948, exports of the other furs showed the following increases in pieces: Goat, 1,463,000 to 2,817,000; weasel, 853,000 to 1,427,000; hare and rabbit, 963,000 to 1,912,000; and lamb, 608,313 to 784,000. The United States purchased all of China's exports of kolinski, weasel, and lamb furs and skins, 78 percent of the goat skin export, and 70 percent of the hare and rabbit furs.

Antimony, tungsten, and tin.—China is a large producer of antimony and tungsten, accounting in the period 1946-48 for 50 percent of world production of antimony, and in the last 10 prewar years for 40 percent of tungsten. China is somewhat less important as a producer of tin, the production amounting to 8,000 metric tons in 1948. Although the producing areas of these metals and minerals were far removed from the areas in which the civil war was being fought, output in 1948 was hampered by high production and transportation costs. Exports of tin in 1948 amounted to 3,912 metric tons, a decrease of 5 percent below the amount

in 1947. Shipments of antimony regulus decreased 49 percent from 1947 to 4,317 metric tons. Exports of crude antimony, however, increased from 50 tons in 1947 to 382 metric tons in 1948. Tungsten exports increased 137 percent from 1947 to 13,054 metric tons, under the greater stimulus directed to it by the National Resources Commission, which is the Chinese Government agency controlling the major part of the country's mineral production. Most of China's exports of these metals and minerals were shipped to various foreign governments.

Tea.—Exports of tea from China in 1948 amounted to 38,600,000 pounds, as compared with shipments of 36,250,000 pounds in 1947. Although the world is short of tea, problems of transportation, political unrest, and unrealistic rates of exchange hampered production and exports of tea during the year. The adverse effects of these factors on China's exports of tea can be visualized when it is recalled that China exported more than 82,000,000 pounds in 1936.

Industry and Mining

The unfavourable conditions existing in 1947 remained unchanged, and all indications pointed toward a continued deterioration in productive equipment and operating standards. Industry was handicapped by the foreign exchange regulations which precluded well-balanced or timely importations of spare parts and raw materials, frequently even with funds privately held abroad, disrupted communications, and, in some districts, virtual economic isolation arising from the civil war. The most significant trend in the industrial field was the southward migration of mobile capital and facilities to Taiwan, Canton, and Hongkong. In some cases it took the form of actually dismantling factories and moving them, but the more usual occurrence was the diversion and installation in Hongkong, or in Canton or Taiwan, of new equipment which had originally been ordered by firms in Shanghai or farther north.

While there was some resurgence of industrial activity in the south and in Taiwan, both areas being outside the zones of combat, output in general remained at low levels and rehabilitation needs continued to be largely neglected. Chinese industry needed considerable foreign capital, foreign technical skills, and foreign raw materials; but first of all it needed political stability, which appeared rather remote.

Fuel and Power

Coal production in China in 1948 was at about the same level as in 1947, or 15,000,000 metric tons. As transportation to the consuming areas suffered from interruptions, coal shortages of varying degrees of intensity were evident through all the industrial centers of China. Output at the important Kailan mines at Tangshan amounted to 4,000,000 tons, which is slightly less than in 1947, but larger than in 1946. These mines produced more than one-third of China's postwar coal output and supplied Shanghai, Tientsin, and Tsingtao with most of their coal requirements.

Total power generation in Shanghai, and the industrial utilization thereof, reached a plateau in mid-1947 and was maintained throughout 1948 with little or no apparent change. For instance, the output of the Shanghai Power Company, the chief producer, averaged 75,000,000 kw.-hr. per month in 1948, of which amount about 45,000,000 went into industrial consumption. This total production compared with the 1940 average of 65,000,000 kw.-hr. indicating a somewhat larger postwar capacity. However, the present industrial consumption is less than prewar, indicating that the expanded output has been devoted to commercial and residential use rather than to additional industrial installations in this area. Of the total industrial consumption, about 25,000,000 kw.-hr. per month, or one-half, is used by cotton textile mills.

Production of Export Minerals

China's production of export minerals (tungsten, tin, and antimony) increased in 1948 over previous postwar years, but still remained substantially below prewar levels. Production was hindered both by the Government's inability to replace mining equipment damaged or destroyed during the war and by the lack of adequate transportation to export outlets. Progress attained toward recovery was attributable to the fact that tungsten and tin were mined in areas well removed from military activity. The National Resources Commission produced 1,632 metric tons of tin compared with an average prewar production of 12,500 tons. Its output of tungsten totalled 9,327 metric tons as against the average of 12,800 tons before the war. Output of antimony regulus by the Commission in 1948 was 3,251 tons, compared with an average of 12,600 tons prior to the war.

Cotton Textile Industry

The postwar heyday of the cotton mills in the coastal area, particularly in Shanghai, Tientsin, and Tsingtao, finally came to the end in the fall of 1948. For two full seasons these mills had operated on an optimum basis, with an abundance of cotton, mainly imported, and only somewhat restricted here and there by power shortages. By mid-1947, however, the Government began slowing up on the release of foreign exchange for purchases of raw cotton; restrictions became more and more stringent, so that during the year 1948 imports of cotton were considerably reduced. Other factors affecting the volume of available raw cotton were: (1) The need, on the part of individual farmers, to grow food rather than cash crops—owing to existing or anticipated food shortages—and (2) the lack of adequate facilities for transporting harvests to market areas. The lack of cotton became so acute that coastal mills were by September-October forced to curtail operations by some 20 to 30 percent. The outlook for the textile industry envisages a shortage of raw material which can be averted only through the importation of foreign cotton. If more imported cotton is not available, mills will have to curtail their operations drastically. Prospects for collecting domestic cotton have become

more gloomy. It is not likely that plantings of cotton will show any significant increase in view of the unattractiveness of the cotton price as compared with that of rice.

Regional Conditions in Industry

Shanghai.—Shanghai's industry, the largest concentration in any one city, accounts for more than half of all the factories in China, and employs nearly 55 percent of the country's factory workers. In the first half of 1948, it was favored to some extent by the importation of foreign supplies, making possible a level of operation about equal to that maintained in 1947, despite intermittent power and raw material shortages. But, under the unfavorable factors brought on by the rapidly deteriorating military and economic situation in the country, Shanghai's industries, were confronted with an unprecedented crisis, production being at an all-time low. Many silk reeling and cotton mills were forced to close down, while the remaining industrial plants operated on a greatly reduced scale. Industrial production had been declining since April, and by the middle of December had been reduced by 40 to 50 percent. Among the many factors responsible for this state of affairs were the inability to replenish working inventories at price ceilings set by the economic reform measures of August, cessation of coal shipments from north China, and the high taxation.

Chungking.—The development of industry in Szechwan Province during the war was simply a case of not being able to find a better location. The contraction subsequent to the war has eliminated this Province as part of the industrial heart of China. Any future, large-scale development of industry in Szechwan would be economically unsound, for the following reasons: (1) Lack of available or accessible natural resources in sufficient quantities, and (2) inadequate transportation facilities to carry goods to market. Coal production for Szechwan Province increased to 3,500,000 tons, compared with 3,201,000 tons in 1947, of which one-third is consumed locally. The over-all increase is attributed partly to a slight improvement in transportation conditions, permitting a larger amount of coal to be shipped down river from Chungking. The availability of Yangtze transportation is a determining factor in the formulation of any plans for expansion of the local coal industry. The monthly output of the Yumen oil fields in Kansu had reached 1,000,000 gallons in October, the previous average yield being 400,000 gallons monthly. Even with this increase, the oil, which is all used in the northwest, does not satisfy the requirements of that area. Chungking's arsenals, the only steel mills in the area, were operating to capacity during the year in the production of arms. Sugar production in Szechwan, which had fallen off to 30,000 metric tons in 1947, was estimated to have regained a previous yearly average of 40,000 tons, in 1948. Szechwanese sugar interests have urged the Central Government to export the bulk of the Taiwan sugar crop, thus freeing markets in eastern China for Szechwan sugar. Only one of the three woolen mills

Agricultural Production in China

Rice crops in China in 1948 were the highest on record in the postwar years, viz. 873,900 thousand shih piculs (=110,231 lbs). High yields were reported in all provinces except Hupeh and Hunan which were hard hit by floods. China needed however large imports to feed its people; commercial imports last year totaled 91,012 metric tons (11,837 t in 1947) and ECA allocations for China amounted to 236,314 long tons of which however only 138,475 t had arrived by the end of last year.

The wheat crop of last year amounted to almost 960 million bushels from 52.8 million acres. The Chinese estimate for 1948 production is 526,600 thousand shih piculs of wheat. Although production last year was above the prewar average (800 million bushels) China had a deficit which was compensated by ECA deliveries (56,000 metric tons) and commercial imports (16,000 tons).

Cereal production figures for 1948:—Kaoliang 122,000 thousand shih piculs (of 110,231 lbs each), Millet 123,000,

Barley 154,000, Corn 132,000 thousand piculs. Sweet potatoes: 480,000 thousand piculs. Field peas 62,000, Broad Beans 66,000 thousand piculs.

Tea production in 1948 is unknown; prior to 1938 it was from 600 to 800 million lbs per year from 3 million acres of tea gardens. Postwar production is estimated at less than half prewar, a result of war depredations, farmers abandoning their land, manpower diversion to food crop raising.

Tung oil production is estimated for last year at about 100,000 metric tons (preceding annual yields estimated at between 70,000 to 90,000 tons). For the current year a production of 115,000 metric tons is forecast thus approaching prewar averages.

The 1948 production of seven major oil-bearing-seed crops in China, excluding the soybean and other oilseed crops in Manchuria and the linseed crop in Inner Mongolia, is estimated at 3,342,354 metric tons in terms of oil equivalents. Except for cottonseed, weather conditions during 1948 were generally favorable for summer oilseed

serving Chungking was operating, production amounting to 460,000 yards of cloth in 1948. In the same year the local cotton mills produced 7,022,026 pieces of cotton cloth, which is sufficient to satisfy present local consumption. There is only one cement factory in the Chungking area, using other than native methods. With existing equipment the company could produce 1,000 barrels a day, but during 1947 and 1948 produced only about 175,000 barrels a year. There were four large and several small paper mills operating during the year, total daily production being between 45 and 50 tons.

Hankow.—Prior to the war, industrial activity in Hankow, Hanyang, and Wu-chang, collectively known as the Wuhan cities, included cotton spinning and weaving, flour milling, machine and metal industries, cement production, and cigarette manufacture. These industries suffered considerable damage during the war. The uncertain political situation has made it impossible for industries to obtain necessary capital for rehabilitation. While during 1948, some forward, though relatively unimportant, strides were reflected, these industries have gained but little of their prewar size. Retarding factors faced by local industrial enterprises during 1948 were lack of operating funds and markets, resulting in the reduction of working hours in many instances, an effort to conserve capital resources.

Kwangtung.—Projected reconstruction and development of industry in Kwangtung Province failed to materialize but some advances were made in the production of sugar, textiles, cement, and electric power. Of the five sugar plants producing at the beginning of the war, only one has returned to operation. Because of the poor condition of its crushers, output in the first part of the year was very low.

Those units have been repaired and production is now estimated at 12,000 tons of sugar a year. A 20,000-spindle cotton mill was in operation in Canton prior to the Japanese occupation. During Japanese control this plant was badly damaged, and after VJ-day, it was reopened with only 5,000 spindles in usable condition. Since that time 13,000 additional spindles have been reconditioned and put into use. A second cotton mill with 18,000 spindles was placed in operation during the year. A cement plant containing three kilns of 220 tons capacity each was producing in Canton before the war. At the present time only one kiln is in service. By mid-1949 a second unit was in operation. To eliminate the major problem of this industry, power shortage, a 2,500 kw.-hr. turbo-generator was being installed. The power supply problem is of major importance in Kwangtung. No hydroelectric plants are in operation, and the shortage of coal and general depreciation of generating equipment have limited output of the thermal installations. It is reported that 41 power plants with a total capacity of 90,000 kw.-hr. have resumed operation since VJ-day.

Taiwan.—While some industrial enterprises in Taiwan showed good results during 1948, others were in a precarious condition. All had difficulties with depreciating equipment, mounting production costs, and scarcity of materials, as well as in obtaining foreign exchange with which to buy materials and machinery unavailable in China. Currency inflation made it difficult either to obtain sufficient operating funds or to make long-range plans. Controlled prices, on the other hand, were so low on some manufactured goods, such as cement and paper, that those industries were forced to reduce operations to a virtual standstill at times when every sale involved a loss.

crops, but not for rapeseed, the winter crop. During the prewar period, of the total amount of the seven major vegetableoilseeds and oils—in terms of oil equivalents—exported from China, 65 percent was from Manchuria while north China was responsible for an important part of the remaining 35 percent in the form of peanuts and peanut oil.

Excluding Taiwan and Manchuria, 1948 production of ramie and jute is estimated at 55,000,000 pounds of ramie and 41,000,000 pounds of jute, or about one-fifth of prewar production. Production of hemp in Manchuria and North China is lower than the prewar level. The drastic decline in wartime and postwar production of China's bast fibers is attributed to the increasing tendency on the part of the farmers to shift from industrial crops to food crops currently yielding higher returns.

Agriculture in Taiwan

The failure to solve certain fundamental problems in 1948 tended to mar an otherwise good crop year on Taiwan. Among the more important of these problems were the shortage of chemical fertilizers, the need for flood-control measures as well as for the control of insects and diseases, and the need to correlate the prices of foodstuffs with other commodities. This last problem was particularly acute during the fall of 1948, when the official policy was to keep prices at a very low level. The farmers reacted by refusing to sell, and the artificial shortage became most pressing before a more realistic policy was adopted.

The area in rice was 721,000 hectares (1 hectare=2.47 acres), with production of unhusked rice stated by the Provincial Government to be 1,068,000 metric tons, which would be about two-thirds of the prewar peak and an increase of 67,000 metric tons over 1947. There is reason to believe, however, that this figure is too low, and that production was actually 1,200,000 metric tons.

The sugarcane area amounted to 123,128 hectares (including 8,000 hectares of coarse sugarcane fields not controlled by the Government-owned Taiwan Sugar Corporation), and was expected to produce over 550,000 metric tons of sugar in 1949.

Tea plantations totaled 40,000 hectares, with production estimated at 9,600 metric tons, an increase of 2,000 metric tons over 1947.

Fruit was grown on about 25,200 hectares, producing 107,000 metric tons of bananas, 42,000 metric tons of pineapples, and 22,110 metric tons of citrus and other fruits.

Jute production was greatly increased in 1948, totaling 13,660 metric tons. Wheat was also up, to 13,000 metric tons, in spite of severe smut damage. The cotton crop was very poor because of shortage of fertilizer and seeds, and the original goal of 1,000 hectares was slashed by more than half. Tobacco production was estimated at 4,000 metric tons.

JAPAN

Japan's Trade Outlook.

(From Our Correspondent.)

While the yen-dollar exchange rate of 360 remains unchanged, the devaluation of the pound sterling must have repercussions on Japan's trade with the sterling areas. For instance trade between the United Kingdom, the colonies and Japan has hitherto been carried on very satisfactorily on a well balanced basis—the value during the twelve months ending June 30 amounted to US\$50 million each way and included a wide range of Japanese goods in return for raw cotton, rubber, tin, jute, petrol, cereals, etc., but the new rate of 1008 yen to the pound as against 1,450.8 will mean considerable readjustment made still more difficult by the fact that Japan has hitherto worked on a flexible rate of exchange based on the value of the various commodities.

During the first six months of the year exports from Japan to all countries averaged US\$44 million a month, which is about 85% above last year's level although there has been some recession during the past two months. Japan's imports are however, too heavy to bring about a favourable balance. On the fourth anniversary of the Japanese surrender General MacArthur gave some interesting figures of the advance made in Japan's overseas markets. He showed that in 1946 when Japan was beginning to look to overseas markets her total exports amounted to US\$103 million; in 1947 the figure was US\$173 million and in 1948 US\$258 million and for the first half of 1949 more than the total for the whole of 1948. With these figures in mind it is obvious that Japan's future, in so far as her foreign markets are concerned, is assured even though imports create a heavy trade deficit. The import figures for 1946 amounted to US\$305 million; in 1947 US\$526 million and for 1948 US\$682 million. For the first six months of 1949 they amounted to US\$491 million.

Japan's dollar receipts during 1948 rested chiefly on imports of silk into America. In fact 40 per cent of her total exports to the U.S.A. consisted of this commodity, but it is felt that this trade will be affected by the fixed ex-

change rate of 360 yen to the U.S. dollar. It is also felt that the recently lowered price of rayon fabrics combined with the increase in Japan's silk export prices may have an adverse effect. It is interesting in this connection to note what the United Nations Food and Agriculture Organisation has to say in its report; as it pointed out:

"It is difficult to tell whether the readjustments of internal costs which are bound to result from a new exchange rate can be effected with sufficient ease and speed to avoid dislocation of silk exports;" and it went on "In view of the replacement of silk by nylon in hosiery manufacture, as well as the vastly expanded consumption of rayon filament and the growing and divers uses of nylon in the manufacture of fabrics, there is little prospect of the United States market ever resuming its role as an importer of raw silk on prewar dimensions. The further recovery of the Japanese silk industry may depend on the development of export markets for silk manufactures. These will probably depend to a very large extent on the maintenance of comparatively low prices for Japanese manufactures. In this respect, however, the outlook in the American market appears rather less favourable than it was a year ago."

The exports of Japanese woollen textiles have recently shown an increase. Exports of woollen yarn during these two months amounted to US\$1,839,170 in June as compared with US\$524,000 in May. Woollen yarn during these two months amounted to US\$19,000 in May as against US\$221,000 in June, due largely to re-exported purchases from Hongkong. Japan has however, a long way to go before she can even approach her pre-war figures. During 1948 she only exported a very minor quantity as compared to her former flourishing textile markets and though some improvement is evident recovery is slow. In 1938 the Japanese woollen industry had 1,116,000 spindles, and to rehabilitate the industry she must have at least 733,000 worsted spindles. Under the five year plan instituted to re-establish the industry Japan must import 665 million bales of wool by 1952 which should produce 123,300,000 lbs.

Japan is also an exporter of "brains." The Indian Government, for instance, has expressed the desire to have a number of Japanese technicians for various industries such as textile, leather and hides, glass, machinery etc. The Pakistan Government has also expressed interest in a similar scheme. In the meantime Japan's trade with India is increasing and among others includes a contract for over six hundred miles of communications cable; the first batch of one hundred miles is to be shipped very shortly and the remainder by January.

The shortage of chemical fertilizers was a particular hardship in 1948, and will undoubtedly continue in a large measure. The soils of Taiwan must have fertilizer and there is virtually no production on the island itself. According to the Taiwan Five-Year Economic Reconstruction Plan, about 400,000 metric tons were needed in 1948; of this amount, less than half was supplied. Domestic production accounted for 12,000 tons of cyanamid and 30,000 tons of superphosphate. The matter of an adequate fertilizer supply was a subject of discussion between ECA and the local authorities throughout most of the year.

Trade between Sterling Area and Japan

Japan's two-way trade with the sterling area during the period July 1948-April 1949 totaled US\$232,800,000. Exports from Japan to the sterling area during this period reached US\$143,800,000, or 42 percent of estimated total Japanese exports; imports totaled \$89,000,000 or somewhat more than 14 percent of total imports from all countries, resulting in a net excess of merchandise exports over imports in Japanese trade with the sterling area for the 10-month period of \$54,800,000. Total trade with the Sterling Area Trade Arrangement countries during this same period aggregated \$186,500,000, upwards of 80 percent of all sterling-area trade, with imports valued at \$63,100,000 (70.8 percent of sterling-area imports) and exports at \$123,400,000 (almost 86 percent of all exports to the sterling area). Compared with the trade projections included in the Sterling Area Trade Arrangement for the year July 1, 1948-June 30, 1949, the actual trade for the 10-month period under review represents 90 percent of the total trade anticipated. Exports by Japan for the 10-month period exceeded expectations for the full year by 10 percent, whereas Japanese imports from the Sterling Area Trade Arrangement countries for the 10 months amounted to 67 percent of the \$94,000,000 target for the year.

The favourable balance of trade with the sterling area during the period July 1948-April 1949 contrasts sharply with an estimated \$278,800,000 trade deficit in Japan's total trade for the same period during which imports from all sources totaled \$621,700,000 and exports were \$342,800,000. Excluding Sterling-area trade, the imports amounted to \$532,700,000, with exports at only \$199,000,000, resulting in a net merchandise trade deficit of \$33,700,000 with nonsterling areas.

Textiles and textile products valued at \$116,200,000 accounted for almost 81 percent of Japan's exports to the sterling area, with cotton manufactures (cotton yarn and cotton fabrics) totaling \$80,500,000, well over half the value of all exports during the period under review. Other important textiles and textile products included in the \$116,200,000 total were rayon filament, spun-rayon yarn and fabrics, raw silk and silk fabrics, wool yarn and woollen fabrics. Almost \$9,000,000 in machinery and equipment, principally textile and sewing machinery and parts were shipped to the sterling area as a consequence of further rehabilitation of Japan's industry, which, in part, was possible because of increased availabilities of essential raw materials from the sterling area as well as from other sources. During the same period other major exports included \$4,000,000 in chemicals and allied products, \$2,500,000 of which was caustic soda. Exports of pottery and porcelainware, cement, plate and sheet glass, miscellaneous glass products, and other non-metallic minerals and products aggregated \$3,600,000; exports of metals and metal products amounted to \$4,500,000, consisting in large part of iron- and steel-

mill products (coated wire, pipe and tubes, wire nails and barbed twisted wire), cutlery and hardware, and clocks and watches. About \$3,000,000 worth of miscellaneous products, including scientific and professional instruments, cameras and other photographic equipment, musical instruments, notions and specialties, umbrellas, parasols and parts, vacuum bottles and canteens, celluloid and celluloid manufactures, and toys, games, athletic and sporting goods, constituted another group of important Japanese exports.

Value of Japanese Exports to the Sterling Area by Principal Commodities, July 1948-April 1949 (Values in thousands of U.S. dollars)

Commodity	Value of total	Percent
Total, all commodities	\$143,813	100.00
Textile & textile products	116,193	80.79
Cotton manufactures, total	80,526	55.99
Cotton yarn	10,760	7.48
Cotton fabrics, woven	68,615	47.71
Other cotton manufactures	1,151	.80
Silk, total	6,309	4.39
Silk, raw	4,706	3.27
Silk fabrics, woven	1,543	1.07
Other silk products	60	.04
Artificial fibers, total	22,294	15.50
Rayon filament	13,401	9.32
Staple fiber	368	.26
Spun-rayon yarn	6,257	4.35
Fabrics, woven	1,531	1.06
Other artificial fibers & manufactures	737	.51
Wool, total	6,451	4.49
Wool yarn	3,301	2.30
Fabrics, woven	3,148	2.19
Other woollen manufactures	2	—
Other textile & textile products	613	.42
Food, beverages, and tobacco	1,237	.86
Fish & shellfish	574	.40
Other	663	.46
Rubber manufactures	274	.19
Tires and tubes	165	.11
Other	109	.08
Wood & wood products	1,095	.76
Lumber	245	.17
Boxes, crates, cooperage, & parts	653	.45
Other	197	.14
Paper & manufactures	820	.57
Printing & writing paper	640	.44
Other	180	.13
Animal & vegetable products	106	.07
Chemicals and allied products	4,087	2.84
Drugs & pharmaceuticals	1,296	.90
Agar-agar	647	.45
Camphor	313	.22
Menthol	272	.19
Pigments, paints, & varnishes	107	.07
Caustic soda	2,529	1.76
Other chemicals	155	.11

Nonmetallic minerals & products	3,555	2.47
Clay & clay products	2,419	1.68
Pottery & porcelainware	2,024	1.41
Oth. clay products	395	.27
Glass & glass products	600	.42
Plate & sheet glass, ordinary	462	.32
Oth. glass products	138	.10
Portland cement	520	.36
Other nonmetallic minerals & products	15	.01
Machinery & equipment	8,995	6.25
Electrical Machinery & apparatus	1,008	.70
Transportation equipment	785	.55
Bicycles, tricycles, & parts	769	.53
Engines, turbines, & parts	763	.53
Textile & sewing machinery & parts	5,882	4.09
Spinning, spinning preparatory and yarn knitting machinery	1,944	1.35
Weaving looms	1,844	1.28
Parts for weaving looms & weaving preparatory machines	1,020	.71
Knitting machines	339	.24
Other	735	.51
Hard-material working machinery & parts	76	.05
Other machinery & parts	481	0.33
Bearings & parts (except for watches)	239	.16
Miscellaneous machinery	242	.17
Metals & metal products	4,507	3.13
Iron & steel mill products	1,286	.89
Wire, coated	156	.11
Wire nails	133	.09
Other	254	.18
Pipes & tubes	743	.51
Copper, lead, tin, & zinc mill products	306	.21
Light metal mill products	64	.04
Other metal mill products	197	.14
Mercury	178	.12
Cutlery & hardware	1,059	.74
Enameled iron household goods	653	.45
Locks & keys	150	.10
Cutlery	153	.11
Clocks & watches (except electric)	800	.56
Clocks	702	.49
Watches, watch & clock parts	98	.07
Other metal products	795	.55
Hand-sewing and knitting needles	221	.15
Others	541	.38
Miscellaneous products	2,810	1.95
Measuring or testing instruments	38	.03
Optical goods	182	.13
Cameras	156	.11
Musical instruments	73	.05
Toys, games, athletic & sporting goods	80	.06

Commodity	Percent Value of total
Stationery (excluding paper & paper products)	282 .20
Umbrellas, parasols, & parts	787 .54
Vacuum bottles & canteens	507 .35
Celluloid and manufactures thereof ..	201 .14
Notions & specialties	165 .11
Other miscellaneous products	339 .23
Not ascertainable (parcel post)	336 .23
Imports of raw cotton and raw wool with a value of a little less than \$40,000,000, accounted for nearly half of all imports. Foodstuffs and crude rubber imports at \$21,600,000 and \$10,000,000, respectively, were the next most important imports, measured in terms of value. Of significance in expanding Japan's output of iron and steel products, much of which is produced for export, was the import of iron ore valued at almost \$2,000,000 from Malaya and slightly more than \$1,000,000 of manganese ore from India.	
Value of Japanese Imports From the Sterling Area by Principal Commodities, July 1948-April 1949 (Values in thousands of U.S. dollars)	
Commodity	Percent Value of total

Total, all commodities \$	89,027	100.00
Fibers	46,631	52.38
Raw cotton	21,846	24.54
Raw jute	3,430	3.85
Raw wool (greasy) ..	17,953	20.17
Wool tops	1,120	1.26
Other fibers	2,282	2.56
Foods	21,567	24.22
Wheat	3,437	3.86
Salt	5,537	6.22
Rice, polished	9,200	10.33
Other foods	3,393	3.81
Animal & vegetable products, inedible ..	11,952	13.43
Crude rubber	10,066	11.31
Hides & skins (including sheep-skin) ..	675	.76
Other animal and vegetable products ..	1,211	1.36
Minerals	3,956	4.44
Iron ore	1,913	2.15
Manganese ore	1,030	1.15
Other minerals	1,013	1.14
Oils, fats & waxes	1,059	1.19
Coconut oil	962	1.08
Other oils, fats & waxes	97	.11
Drugs & chemicals	1,987	2.23
Wattle bark	864	.97
Cutch	852	.96
Other drugs and chemicals	71	.08
Metals & manufactures ..	509	.57
Pig iron	427	.48
Other metals and manufactures	82	.09
All other products	1,366	1.54
Pigments & fillers	498	.56
Clothing & fabrics	245	.28
Instruments, vehicles & machinery	623	.70
Almost half of Japan's exports to the sterling area (44.1 percent) went to the United Kingdom and colonies, with the United Kingdom alone accounting for		

Value of Imports From and Exports to the Sterling Areas, by Countries, July 1948-April 1949
(Values in thousands of U.S. dollars)

Country	Imports		Exports	
	Value	Percent of total	Value	Percent of total
All sterling-area countries, total ..	\$89,027	100.00	\$143,813	100.00
Sterling Area Trade Arrangement Countries	63,059	70.83	123,388	85.80
United Kingdom and colonies	22,297	25.05	63,352	44.05
Aden	901	1.01	10,058	6.99
Gold Coast	—	—	1,793	1.25
Jamaica	—	—	1,224	.85
Kenya	762	.86	2,564	1.77
Nigeria	—	—	6,669	4.64
Sarawak	328	.37	—	—
Singapore	—	—	7,342	5.11
Tanganyika	—	—	2,886	2.01
Turks and Caicos	748	.84	—	—
United Kingdom	14,086	4.59	29,736	20.68
Malayan Federation	214,570	16.37	—	—
Other colonies	902	1.01	31,080	3.75
Australia	18,393	20.66	3,573	2.48
India	17,482	19.64	53,853	37.45
New Zealand	1,272	1.43	630	.44
Union of South Africa	3,615	4.06	1,980	1.38
Other sterling-area countries	25,968	29.17	20,425	14.20
Anglo-Egyptian Sudan	83	.09	4,510	3.14
Burma	1,399	1.57	1,981	1.38
Ceylon	272	.31	2,874	2.00
Egypt	20,621	23.16	3,965	2.76
Iran	76	.08	3,190	2.21
Pakistan	3,517	3.95	2,906	2.02
Other	—	—	999	.69

¹ Includes \$1,341,689 in transfers to Japanese economy from British Commonwealth Occupation Forces (1.51 percent of total imports, but excludes commodities procured under United Kingdom contract from other than Sterling Area Trade Arrangement participants.

² Includes Singapore.

³ Includes exports to Malayan Federation.

\$29,700,000. Imports from the United Kingdom and colonies, however, represented only 25.1 percent of the \$89,000,000 aggregate, with the United Kingdom shipping less than 5 percent of Japan's total imports from the sterling area. In this same period, India shipped goods valued at \$17,500,000 to Japan (\$12,400,000 of which was raw cotton and \$2,100,000 raw jute) and purchased goods valued at \$53,900,000, representing almost 20 and 38 percent, respectively, of Japan's total imports from, and exports to, the sterling area. More than 85 percent of India's imports from Japan were textiles and textile products and machinery, totalling \$38,800,000 and \$7,800,000, respectively. Other major sources of Japan's imports were Australia which furnished 21 percent of Japan's sterling-area purchases and Egypt which, in terms of value, supplied approximately \$21,000,000 (23 percent) of the total. More than 75 percent of Japan's imports from Australia was raw wool, and of the approximately \$18,000,000 in raw-wool imports from the sterling area Australia supplied \$14,300,000. Australian wheat shipments to Japan during this same period amounted to \$3,400,000. In addition to \$9,200,000 in polished rice, the bulk of Japan's imports from Egypt was raw cotton (\$7,300,000) and salt (\$3,900,000). These countries, however, purchased goods from Japan valued at

only \$3,600,000 and \$3,900,000, respectively, of which \$2,600,000 and 2,400,000 were textiles and textile products.

The Sterling Area Trade Arrangement officially expired June 30, 1949. A conference for the purpose of negotiating a new trade plan opened in Tokyo on August 2, 1949, and, at time of writing, was still continuing. Pending the completion of a new trade plan, the terms of the existing agreements are expected to govern any trade between Japan and the Sterling Area Trade Arrangement participants. The Over-All Sterling Payments Arrangement is still in effect, as are the separate trade arrangements between Japan, on the one hand, and Burma, Pakistan, Ceylon, and Egypt on the other.

SCAP recently reported that on the basis of preliminary trade data covering operations during the full period of the Sterling Area Trade Arrangement (July 1, 1948, to June 30, 1949) purchases by Japan exceeded trade estimates by 3 percent (resulting in imports into Japan estimated at \$97,000,000 based on the trade-plan goal of \$94,000,000), and exports by Japan were 41 percent greater than anticipated (on the basis of the target total of \$112,500,000, total exports may have reached \$159,000,000).

As a result of Japan's favourable balance of trade with the Sterling Area.

Survey of Current Economic Condition in Japan

The new balanced budget for the fiscal year 1949-50 was established as a fundamental basis for government policies aiming at the stabilisation and self-support of Japan's economy through the Nine-Point Economic Stabilisation Program. This budget is featured by the balance between revenue and expenditure including special account and local government finance. For the special accounts of the State railways and communication services, which had been important factors in producing deficits, an independent accounting system was adopted whose balancing will be secured by the raise in passenger fares and postal charges as well as by rationalisation. It is worthy of note that an item of expenditure for the redemption of the government debt and Reconstruction Finance Bank debentures was included in this budget. Expenditure for price adjustment and subsidies was specified in the budget for the first time, and was limited to a few fundamental articles which will be reduced gradually. A counterpart fund of U.S. aid was set up as a special account, which will be used for capital investment to promote economic rehabilitation as well as for the repayment of the government debt.

As a result of the above mentioned principles in government finance, the inflationary movement will be checked. On the other hand, in order to prevent a decline in production which may be brought about by a disinflationary policy, an expenditure for price adjustment amounting to 200 billion yen was included in the budget, and a part of the Counterpart Fund totalling 175 billion yen will be used for industrial financing.

Trade Arrangement participants, it is evident that Japan has a large balance of convertible sterling, which, in accordance with the Over-All Sterling Payments Arrangement may be converted into dollars by SCAP at any time in the interest of protecting Japan's foreign trade and exchange assets. The Arrangement, however, did not anticipate that SCAP would convert such balances oftener than every 6 months, and SCAP postponed convertibility of the balance at the end of the first 6-month period of operation of the trade plan.

It is anticipated that, in view of the difficult sterling-area dollar position, an attempt will be made on the part of sterling-area representatives at the present discussion in Tokyo to revise last year's agreement. In the new trade plan the sterling area may ask for the elimination of the convertible dollar provision. If this provision is withdrawn, the sterling area can be expected to ask that Japan purchase more from the sterling area. If neither of these is possible, the sterling area may find it necessary to reduce imports of Japanese goods.

In order to secure the largest possible tax revenue, which is expected to be 514 billion yen in general account, and render the tax burden fair and just, a revision of the taxation system will be carried out. The above-mentioned policy must be accompanied by industrial rationalisation and concentrated production.

The effects of the disinflationary policy following the announcement of the Nine-Point Economic Stabilisation Program have gradually appeared in currency movement. Owing to forced tax collection, the note issue showed a contraction of 42,733 million yen during the period from January to March 1949, (367 million yen in the corresponding period of the previous year), the outstanding amount at the end of March being 312,547 million yen. After showing an increase of 3,385 million yen in April, the note circulation again decreased in May, the outstanding amount at the end of the month being 305,937 million yen, a shrinkage of 9,995 million yen compared with the end of April. The expansion in April was mainly due to the increase of government payments in the latter half of the month, which were returned to the Bank of Japan in May.

The monetary situation continued to be stringent. This stringency up to March was principally due to forced tax collection and delayed government payments, whilst the restriction of loans of banking institutions was responsible for the monetary situation after April. The suspension of loans by the Reconstruction Finance Bank, the establishment of a single exchange rate and the sharp reduction of subsidy expenses in the balanced budget brought about a shortage of long-term funds. The situation was further accentuated by the fact that the actual utilisation of the Counterpart Fund of U.S. aid has not yet materialized.

The security market, which was active from the end of February through the shares of superior enterprises, showed continued animation in the first half of March, quotations of leading shares advancing by leaps and bounds. This activity was, however, interrupted by a sharp reactionary setback on March 15th, in anticipation of a delay in the revaluation of assets, and thereafter market sentiment became bearish. The stock price index in March (Aug. 1946=100) showed a post-war record of 579.4 on the average, 24.8% above the previous month, due to a sharp rise in higher-priced shares during the first half of the month. Toward the end of March, the market tone again became bullish. Selective buying of superior shares led to a price advance day by day from the beginning of April, and, though several reactionary setbacks were experienced, the buying of second class shares became also active. The stock price index in April reached 607.2, showing a further rise of 4.8% compared with

March. The transaction volume in April, however, decreased by 29.7% compared with the previous month, but the daily transaction volume maintained, with few exceptions, the high level of 1,000,000 to 1,300,000 shares. Shares held by the so-called zaibatsu and other controlling companies, released through SCLO to the public, totalled 100,441,000 shares of a value of 6,749,248,000 yen, which accounts for one-third of the shares to be released.

An upward movement of black market prices of consumers' goods, which had slackened due to the marked advance of official prices, increased production, general monetary stringency, lack of purchasing power and the favourable food situation, was again evident, through dearer staple food since December, last year. The actual price index of consumers' goods in Tokyo showed an advance of 2.5%, 0.9%, 0.8%, 1.5% and 4.7% in each month from December 1948 to April 1949, as against 0.3% in November 1948. The advance in March and April was only 1.8% and 1.6% in staple food, but a notable advance (5.9% and 4.4%) was registered in luxuries due to a sharp rise in fruit (19.6% and 11.9%).

Prices of subsidiary food also advanced markedly (19.1%) in April through a rise in vegetables caused by the abolition of government control.

Black market prices of producers' goods have remained almost unchanged from May 1948. A slight advance of 1.1% in February 1949 was immediately reversed by a decline of 1.8% and 2.3% in March and April. An overall decline by articles was experienced in April.

Price revision resulting from the establishment of a single exchange rate will be a difficult and complicated problem. As to commodities for which import subsidies are granted, such as foodstuffs, fertilizer, and leading industrial raw materials, the government policy is to maintain selling prices during a fixed period by elasticity in subsidies. The revision of prices at this time aims at maintaining the current level of official prices by eliminating the effects of the price advance of imported basic materials through secondary and third products and at the same time by lowering prices as far as possible.

Agriculture

The original delivery quota of 1948 crop rice was fulfilled by the middle of February, and the excess quota of 1,304,000 *koku* allotted in the beginning of that month was also completed with an excess of 9.5% over the planned figure. Thus the total of 1948 crop rice purchased by the government at the end of April totalled 32,132,000 *koku* or 104.9% of the estimated volume, showing a favourable development compared with 30,567,000 *koku* or 100.1% at the corresponding date of the previous year. Imports of foodstuffs during the current crop year also reached 940,000 tons at the end

of March, as against 370,000 tons and 690,000 tons during the same period of 1947 and 1948. The transportation of 1948 crop rice totalled 7,785,000 koku or 98% of the goal by the end of April (6,710,000 koku or 93% in the corresponding period of the previous year). Owing to favourable deliveries, imports and transportation, the food situation in March and April developed satisfactorily; i.e. the rationed staple foods in Tokyo reached 32.2 days of staple food (1,090,000 bales) in March and 30.4 days (1,081,000 bales) in April as against 29.3 days (910,000 bales) and 29.9 days (893,000 bales) respectively in the corresponding period of 1948.

Consumers' prices for new crop rice and wheat had usually been revised in November for the former and in July for the latter, in accordance with the decision of producers' prices. The new consumers' prices were fixed in April.

New Official Prices

		New price yen
Polished rice or flour ..	10 kg	405
Polished wheat	10 kg	384
Potato or irish potato ..	10 kwan	306
Starch	20 kg	405

Government control on prices and distribution of vegetables was abolished on April 1st, on the ground that production has sufficiently recovered and prices were stabilized.

Coal

Actual production of coal during the fiscal year 1948-49 reached 34,776,000 tons, or 96.6% of the target, showing an increase of 5,400,000 tons or 18.6% compared with the previous year. Compared with pre-war figures, the output was 90.7% of that in 1940, the pre-war highest, or 83.6% of the average of 1940-1942.

The labour situation in the coal mines was not so favourable as expected, though some improvement was witnessed in the latter part of the year. The ratio of underground miners to total workers remained at between 55.2% (July and August) and 56.9% (December) as against the goal of 70%. Owing to SCAP directive concerning coal mines, the increase in employment has been checked, and since December 1948 even a decrease was registered. The number of workers at the end of March 1949 was 449,700, almost the same level of July 1948. The monthly output per registered worker in the latter half of the year averaged 6.85 tons, as against 6.00 tons in the first half. In March 1949, the output advanced to 7.92 tons, the highest record after the war, contrasting with a decline in employment. The fact that labour productivity has shown an advancing trend since October 1948, despite regional differences and monthly fluctuations caused by the wage problems, must be regarded as an indication of the gradual rationalisation of the coal mines.

The deficit in new account of coal mines amounted to the large sum of 21.6 billion yen during the period from April 1946 to June 1948. In regard to this enormous deficit, a Law concerning compensation for losses in coal mining, etc. was promulgated on March 31st. By this law, the government will compensate losses not exceeding 10.7 billion yen. As enterprises asked for compensation of 19 billion yen, this problem still remains to be solved. According to the financial plan for the fiscal year 1949-50, coal price adjustment expenses were estimated at 33.5 billion yen (34.7% of the total price adjustment expenses of 97.2 billion yen), on the basis of coal allotments of 13,192,000 tons to designated industries (of which 1,920,000 tons were imported) and a price subsidy of 2,680 yen per ton.

Actual allotment of coal to industries in the previous fiscal year was 12,612,000 tons or 35.1% of the total supply of 35,903,300 tons. Compared with 1947-48, total allotment showed an increase of 6.7 million tons while the ratio of allotment to industries was reduced by 2.9%. The relative importance of key industries in priority allotment, including electricity, chemical fertilizer, ceramics, paper and pulp, iron and steel, etc. was enhanced.

As regards quality, calories per ton averaged 5,621 in the first half of 1948-49, and 5,650 in the latter half. The deterioration of quality constitutes an important problem to be solved.

The production target of coal for the fiscal year 1949-50 was fixed at 42 million tons.

Actual production in April 1949 totalled 3,260,500 tons, or 94.4% of the monthly target. It is worthy of note that labour productivity per miner during that month rose to 7.37 tons.

Iron and Steel

Production of iron and steel in the fiscal year 1948-49 showed a favourable development. Production of ordinary pig iron, which had shown an extraordinary low level since the termination of the war, recovered gradually from the beginning of the year. Actual output in the first half of the year was no more than 86% of the planned volume, due to the unfavourable import of raw materials, though there was a marked increase compared with the preceding year. However, in the latter half of the year, the monthly output registered a sharp advance, reaching 82,000 tons in December 1948 and about 100,000 tons during the fourth quarter. The total during the latter part of the year was 1.54 times that of the first half of the year, and 109% of the production goal. Thus the annual output in the fiscal year 1948-49 was 2.9 times that of the previous year, or 98% of the planned volume. Actual production of electric pig iron in the fiscal year 1948-49 attained 117% of the target, owing to an improvement in electric power pro-

duction, but the ratio to total pig iron production declined, the relative importance being shifted to ordinary pig iron. Actual production of pig iron as a whole in the fiscal year 1948-49 exceeded, though slightly, the planned volume.

Production of ordinary rolled steel, which showed a favourable development from the beginning of the fiscal year 1948-49, registered a marked advance in the fourth quarter of the year, monthly output attaining the level of 140,000 tons in March, 1949. Actual output in the latter half of the year being 1.4 times that of the first half, the annual total attained 111% of the target, or 21 times that of the previous year. The output of special rolled steel was only 87,000 tons, although 132% of the goal.

As a whole, production of iron and steel advanced sharply, due to larger imports of raw materials in the latter half of the year, when emphasis was put on the production of ordinary pig iron, open-hearth ingots and ordinary rolled steel, owing to a shortage of scrap iron. Imports of iron ore and coal in the latter half of the year (excl. March 1949) reach 397,000 tons and 651,000 tons respectively as against 231,000 tons and 360,000 tons in the first half of the year. Other raw materials such as manganese ore and heavy oil also showed an increase.

Owing to the advance in operation rate due to the increase of imports of raw materials, and the resultant decline of production costs, combined with the favourable decision on price subsidies, business conditions of iron and steel companies showed an improvement to some extent. The increased electric power supply rehabilitation and repair of equipment and better utilisation of labour caused by the adoption of efficiency wages were also responsible for the reduction in production costs and the advance in production. However, owing to the general monetary stringency and the increase of credit sales, the financial condition of companies continued difficult.

The production target of ordinary rolled steel for the fiscal year 1949-50 was fixed at 1,800,000 tons, an increase of 50% as compared with previous year. Reflecting the reopening of a furnace at Yawata works of the Japan Iron & Steel Company, actual production of pig iron in April rose above the level of 100,000 tons and that of ordinary rolled steel exceeded 140,000 tons accounting for 108% and 110% of the monthly target.

In view of the probable reduction of unit costs caused by the rise in operation rates, producers' prices were lowered by 17% for pig iron and 12% for rolled steel on April 12th. This reduction aimed at rationalisation so as to decrease production costs below the international level. International prices of pig iron and rolled steel are 19,800 yen and 23,800 yen per ton at

the exchange rate of 360 yen per dollar, whilst domestic producers' prices will be 26,600 yen and 35,530 yen, if subsidies are included. A further reduction of production cost is therefore urgently needed.

In view of the possibility of international competition, following the establishment of a single exchange rate, various subsidies granted to this industry will be abolished. Under these circumstances the realisation of the export target of 630,000 tons for the current fiscal year will face great difficulty, especially as regards the export of tin plate and heavy rails, the production costs of which are unfavourable compared with the international level.

Textiles

Actual production of yarn and tissues during the period from January to March 1949 was 131,462,000 pounds, and 332,699,000 square yards, each showing an advance of 30% as compared with the corresponding period of the previous year. Reflecting the import situation of raw materials in 1948, the increase was most pronounced in chemical fibre goods, hemp and silk yarn, whilst cotton, woollen and worsted showed only a slight advance. An advance in throstle, reprocessed yarn, paper tissues and other waste tissues was worthy of note. This advance was the result of efforts to mitigate the shortage of textiles for domestic use brought about by priority laid on export.

Compared with the previous quarter (October-December 1948), the increase in yarn production was only 5.6%, and the output of tissues declined by 0.4%. This decline was marked in January, and an upward trend was registered in February and March, due to the increased import of raw materials. The advance was conspicuous in chemical fibre goods and miscellaneous tissues, whilst raw silk, spun rayon yarn, hemp yarn, miscellaneous yarn and cotton tissues registered a decline.

Annual production throughout the fiscal year 1948-49 of cotton, woollen and worsted yarn was only 90% of the planned volume, whereas hemp yarn, rayon filament yarn and particularly spun rayon yarn exceeded the target, due to favourable imports of raw materials. The priority laid on the chemical fibre industries in the allotment of coal, electricity and other raw materials, combined with the satisfactory import of rayon pulp was responsible for the favourable production of chemical fibre goods.

Actual production of yarn in April showed an increase of 13.3% over the previous month. The increase was most pronounced in chemical fibre, especially rayon staple fibre, spun rayon yarn, and miscellaneous filament yarn. Reflecting the gradual increase of imports of raw materials, cotton goods and woollen and worsted yarn increased by 6%-10%. A decline was registered in raw silk due to labour

Japanese Business Reports

SHIPPING

From the war's end to April, this year, shipping business had been controlled as rigidly as in the days of the Pacific hostilities by the Civilian Merchant Marine Commission (*Seinpaaku Ui-zi Kai*). Shipping concerns had been so to speak, landlords living on rent income, for they simply received bareboat charterage from the Commission according to their bottom holdings.

The first step was made from April 1, 1949, toward reconversion to private shipping based upon free competition. It was decided that the time charter system should replace the former bareboat basis, thereby authorizing private shipping interests to handle at their own responsibilities matters relative to crews, repair works, etc. As shipping management is still under the jurisdiction of the Civilian Merchant Marine Commission, however, it is impossible for private shipping concerns to give full play to their managerial potential. Under the time charter system, charterage is paid to shipowners on the basis of the annual average rate of operation officially fixed according to categories of vessels. If the actual rate of operation exceeds the annual average, charterage income increases, and vice versa. Furthermore, if a shipping company succeeds in reducing its repair expenses covered in charterage, it can easily boost its net income accordingly. Therefore, profit conditions are greatly dependent upon whether or not shipping companies hold superior craft with higher rates of operation.

In the past months since April, the time charter system has already brought about encouraging results as it has revived, though in limited scope, free competition for shipping efficiency. The actual rate of operation, for instance, is about 10 per cent higher than the basic annual average rate of 75 per cent (i.e. 9.24 months in a year), or the officially fixed yardstick for charterage payment. Through the irony of chance, however, it has happened that the Civilian Merchant Marine Commission has found it hardly possible to pay charterage to ship-

owners on the basis of such an increased rate of operation because its working fund has been limited considerably. Furthermore, the situation has turned from bad to worse since about June as the Commission's freight revenue has been declining markedly due to lack of cargoes. Thus, the Commission's deficit has been piling up to the extent that as a last resort "A" type wartime standard ships and special boats have been placed on the "waiting list" until further notice with a view to economizing charterage payment.

In the light of such complicated circumstances, opinion is gaining momentum for fullfledged reconversion from wartime control to free private shipping. If private shipping is restored on the basis of free competition, shipping companies would be greatly handicapped or benefited, depending upon whether or not they are backed by influential shippers (traders, etc.) and whether or not they have superior craft. Under the time charter system, even wartime standard ships, though utterly disqualified in the light of international regulations such as Lloyd's, are sometimes allowed to operate in the open seas under the liberal protection of the Occupation Forces. This would not be the case if private shipping is fully restored.

Japan now has 826 ships of all types, with a global tonnage of 2,595,000 in weight, including those out of actual service. Of these, wartime standard types comprise about 60 per cent, and peacetime types (built before the war) and new models (constructed after the war) make up 20 per cent, respectively. Moreover, about 40 per cent of the peacetime types or 104 ships, totaling 282,000 weight tons, are more than 20 year in age. Even in the case of new models, those laid down in war's end represent as much as 60 per cent, and new type ships in the strict sense of the term are negligible. What is more discouraging is that among these ships, fully qualified ocean-going craft number 15 or 16 with a global weight tonnage of 120,000-130,000 (12 or 13 peacetime ships and 2 new models).

Ocean-going service is a life-and-death problem for shipping companies. This is because coastal shipping even under excellent conditions, such as the abundance of cargoes, efficient craft, superior navigation technique and experienced crews, just manage to break even. This has been fully proved by the history of Japanese shipping. Before the war or in 1935, Japan held about 4,190,000 gross tons, of which ocean-going bottoms comprised as much as 80 per cent and coastal boats only 20 per cent. These coastwise craft were operated at the sacrifice of ocean-going service or under governmental aid. It can be concluded that unless the bottom allocation for ocean-going service is increased, it would hard-

disputes. The production of tissues registered a decrease of 0.1%. By articles, cotton tissue showed a further decline of 4.5%, whilst rayon spun tissues advanced by 83.5%.

Exports of raw silk will be unfavourably affected by the single exchange rate of 360 yen and a reduction of production costs will be essential. The processing branches of imported raw materials, which were expected to be favourable, will not always be promising, due to a large advance in import cost. Business rationalisation for the improvement of quality, and the reduction of costs in all branches will be inevitable.

ly be possible to reconstruct shipping business. Japanese shipping companies would be unable to revive their business unless their ocean-going bottoms are increased somehow or other.

Japan's Ship Holdings (As of July 1, 1949)

Category of Ship	Number of Ship	Weight Tonnage	Percentage
Peacetime Types	267	531,176	20.5
Passenger-Freight			
Boats	240	492,694	19.0
Tankers	97	38,477	1.5
Wartime Standard			
Types	419	1,543,316	59.5
Passenger-Freight			
Boats	356	1,206,916	48.3
Tankers	63	336,400	1.2
New Postwar Types	160	521,261	20.0
Laid Down In			
Wartime	83	332,084	12.4
Built After War	77	189,177	7.5
Total	826	2,595,753	100.0

Taking part in the fifth shipbuilding program are 57 shipping concerns, large or small. The question arises: Which companies will survive the forthcoming free competition? Nippon Yusen, Osaka Shosen, Iino Kaiun and Mitsui Sempaku are widely recognized as "A" class. But whether or not all of them will be able to maintain their predominant positions still remains to be seen. "B" class firms are: Yamashita Kisen, Toho Kaiun, Mitsubishi Kaiun, Nitto Shosen, Tokyo Sempaku (formerly Nan-yo Kaiun), Kawasaki Kisen and Nissan Kisen.

PENICILLIN

With the adoption in mid-July of a new grading system as the turning point, the penicillin industry in Japan has been making a spectacular advance from oil wax to oil procaine varieties. Five new grades officially prescribed are: oil procaine, paste, suppository, cone for dental use and crystalline. Leading companies lost no time in submitting their applications for licensed manufacture of these grades, and the following firms were formally authorized on August 5:

Kagaku Kenkyusho (formerly Riken); Meiji Seika (Confectionery); San-yo Yushi (Oil & Fat); Mitsubishi Kasei (Chemical); Kyowa Sangyo (Industry); Teikokusha K.K.; Morinaga Yakuhin (Pharmaceutical); Ban-yu Seiyaku (Pharmaceutical Mfg.); Nippon Kako (Chemical Ind.); Takeda Yakuhin (Pharmaceutical); Taito Shokusan (Industrial Develop).

Furthermore, there are increasing indications that the official prices will be revised downwards in the near future. The new price will perhaps be set at ¥750-760 for 300,000 units of oil procaine penicillin and ¥810 for penicillin G (purity exceeding 85 per cent). The prices for oil wax varieties (natrium G and potassium G), though their official price is fixed at ¥1,800, are declining to the level of ¥1,300-1,000, and there is the possibility of a further drop to the ¥810 mark or just the same as that of oil procaine penicillin. Although oil procaine penicillin gains popularity, demand for mixed grade will suffer no sharp decline, but its prices will have to be reduced

to ¥80,100 per 100,000 units. It will not be long before the sales price for oil wax penicillin will be cut down to ¥150-200 per 100,000 units. Only those makers who can survive such a price competition will be able to establish themselves in the field.

Among the officially licensed companies the Kagaku Kenkyusho has made the most remarkable progress in terms of both technique and production volume. It started making oil wax penicillin as soon as the official grade was adopted for it and succeeded in obtaining a considerable profit by boosting production and sales turnover. The trouble is that this concern appears to have a large stock of penicillin G (natrium) at the present when oil procaine penicillin is gaining in importance, although outlook is bright for it on the whole.

The Nippon Seibutsu K.K. has been in the red in the past years. But it has recently succeeded in boosting its oil wax penicillin output since it picked up some experts from the Riken Eiyo Yakuhin K.K.

The Meiji Seika K.K. has long been the largest penicillin producer. The company is planning to construct three 40-ton tanks. In sales campaigns, too, Meiji Seika has been adopting most energetic measures and it will again be the first to cut down the prices even at the sacrifice of some other firms.

As for penicillin, the age of bottle culture is indispensable for extracting special ingredients. Thus it is that the Ban-yu Seiyaku K.K. has recently reconstructed bottle culture facilities.

Generally speaking, it can be said that the production cost of penicillin in this country is approaching that in the United States. Some inquiries are coming from Korea and Hongkong, and there are indications that Japan-made penicillin will soon be exported to the East Asiatic countries.

FARM IMPLEMENTS

In 1947, stocks of farm machinery and implements piled up considerably in the hands of agricultural associations (*nogyokai*) because inferior appliances had been manufactured recklessly just after the war's termination by those companies which hurriedly reconverted to this line from munitions. Of late, sales of farm equipment have again begun to decline sharply, this time owing to the fund shortage in farm villages. Even among leading farm equipment makers, 19 companies have recently been forced to give up business in this field or to turn to other lines, including such noted firms as the following (major farm implements manufactured in brackets): Ibaragi Plant of Mitsubishi Heavy Industries (rice cleaners and power threshers); Sendai Plant of Kayaba Sangyo (weeders, rope making machines and pedal threshers); Yamagata Plant of Fujiokoshi Steel Works (rope making machines); Tamagawa Seisakusho at Tokyo (power threshers); and Shinko New Farm Machinery Works at Osaka (rope making machines).

Many firms have been obliged to abandon manufacture of rope making machines due to reckless competition from not a few iron foundries following the war's end. The demand for rope making machines usually rises in winter and drops in hot months, and especially conspicuous has been contraction of farm needs this summer because the seasonal recession has been accelerated by the general monetary stringency. With the situation becoming so austere even for leading makers, prospects are more discouraging for 500 odd farm equipment firms in big cities, to say nothing of minor plants in country towns.

Owing to the rampancy of rice blast disease in the western and northeastern parts of Japan, spraying machines, especially for DDT powder, are in short supply. Many other appliances, however, are over-stocked. The percentage of stocks against one month's production went up from 22 to 62.9 for European style plows (for tractors), from 89 to 90 for drying machines, from 112 to 226 for straw softeners, and from 38 to 55 for barley cleaners, whereas it dropped from 86 to 65 for Japanese style plows (for draught animals), from 229 to 19 for sickles, and from 710 to 295 for oil cake crushers. All told, stockpiles at present are estimated at around 1 or 1.5 month's output. Makers usually underestimate their factory stocks in view of the psychological effects on bankers.

The market prices of farm implements are 10 to 15 per cent lower than the official ceilings. If the price subsidies for iron and steel are to be abolished, the prices would be up about 50 per cent. In such a case, the ceilings would have to be raised at least 20 per cent.

Anticipating the shrinkage of domestic demand, many manufacturers have been trying to cultivate overseas markets for their manufactures. Much is being expected of rice threshers and hulling machines for Southeastern Asia and China. The Furumi Plant of the Mitsubishi Heavy Industries Co., the Sato Seisakusho, the Sato Works, the Osaka Seisakusho, the Saioha are considered as foremost manufacturers of export farm appliances. An export contract for 500 sets of rice hulling and cleaning equipment has been concluded with Burma. But there have been so far no dealings with India, Thailand, the Philippines. To China only some rice hullers and cleaners have been shipped, but interested circles expect that cultivation implements will be in great need there.

NEW PRICE BASIS FOR JAPANESE COMMODITIES

Active trading is being anticipated following the approval by SCAP given on Japan's adopting the OIF price for exports and the FOB price for imports. The Ministry of International Trade and Industry completed drafting the necessary procedures governing Japanese export sales on this long-

awaited basis. The step was taken in consideration of the recently increased requests from customers in Canada, Latin America, Germany, etc.

It has been reported that frequently letters of credit of those customers were sent to Japan opened for the full amount covering the freight and the insurance charges, etc. for the goods they intended to buy. Then those letters of credit had to be revoked and new ones were asked to be issued instead, because at that time Japanese export merchants were not permitted to conclude export contracts in such a manner as their customers wished to do. This inability was partly because the country was lacking enough bottoms to transport export commodities, and partly, Japanese insurance firms were not permitted to resume such operations as would necessarily transact with foreign currencies.

By the present renovation of foreign trade terms one cannot expect an immediate increase in receipts of foreign exchange directly resulting from the practice. For that, it should be necessary to remove difficulties relating to the restitution of merchant marine and the rehabilitation of the insurance system.

Difficulties relating to shipment of and insurance on Japanese export goods have now been relaxed considerably and conditions have moved strongly in favor of prospective buyers. Therefore one could entertain more hope for the expansion of exports.

Meanwhile, import contracts on the FOB price basis have become frequent of late. This system was adopted recently for importing 80,000 metric tons of rice from Siam and 70,000 metric tons from Burma, iron ore from the Hainan Island, pig iron from India, etc. Around 40 per cent of Japanese import contracts (presumed to total \$400 million) on the commercial account, SCAP, were made on this basis.

LOANS TO INDUSTRY

Applications sent in to the Bank of Japan for direct loans from the Aid-to-Japan Counterpart Fund was at a low ebb during July, when the Bank started to handle the application. Applications totaled only ¥400 million. Causes responsible for such circumstances were (1) Documents and procedures required when the application was to be filed were considered too expensive. (2) Conditions governing loans from this Account were considered too strict and difficult to comply with. (3) The rate of interest applicable to those loans was not decided.

In August, however, applicants numbered 18 firms operating respectively in chemical products, manufacturing, coal mining and fishing industries, whose fund requirement was ¥1,700 million altogether. They intended to invest largely in machinery installation or repairs thereof with a view toward more rationalized management of the enterprise concerned.

[This apparently rapid increase in August compared with the first month is ascribable to the fact that after a fortnight interval since the start, industrial circles began to show more interest in this newly offered credit facility.

Classified by industry, applications for loans as of the end of August are for July and August as follows:

	Amount Prospective in Y100 borrowers million
Mining industry	10 11
Chemical "	3 2
Fertilizer "	3 1
Power "	2 4
Shipping "	1 2
Fishing "	1 2

JAPAN'S FOREIGN TRADE FOR THE FIRST HALF YEAR OF 1949

Exports and imports totalled ¥82,-628,000,000 and ¥93,005,000,000 respectively; the latter exceeding the former by ¥10,377,000,000. Compared with the corresponding period of last year, exports increased by 5.6 times and imports by 4.7 times. The total volume measured by weight was 1,391,000 tons in exports and 5,341,000 tons in imports, a 1.9 times increase over those in the corresponding period of last year.

Exports: Despite a rumored depression, textile products still constituted 50 per cent. in value of total exports, shipped largely to India, the United Kingdom, the Netherlands East Indies, Africa and Aden. Major export commodities other than textile goods are ceramics (largely shipped to the United States) iron and steel (the Philippines, the United States), coal (Korea), etc. A gradual decrease is seen in the shipment of raw silk, once Japan's most important export commodity, the value of exports decreasing from ¥850,000,000 in January to ¥139,620,000 in February, ¥6,150,000 in March, ¥4,880,000 in April, ¥69,000 in May, and ¥122,000 in June.

	Quantity (in Metric Tons)	Value (in Million Yen)	Ratio in value versus the total exports
Cotton fabrics	31,314	21,919	28%
(202.8 million square metres)			
Rayon & Staple			
Yarns	11,651	4,870	6
Ceramic	—	4,102	5
Roller steel	172,963	4,072	5
(including scrap iron)			
Raw silk	1,436	3,337	4
Silk fabrics	661	3,334	4
(19,388,000 sq. metres)			
Cotton yarn	5,180	2,278	3
Coal	524,817	2,266	3
Toys	—	2,201	3
Synthetic fabrics	1,527	1,698	2
(13,323,000 sq. metres)			
Cement	774,991	1,460	1.8
Glass	—	1,402	1.7
Rolling stock	16,596	1,282	1.6
Enamelled			
ironware	4,017	1,246	1.5
Canned Provisions	—	909	1.1
Woollen fabrics	504	824	1.0

The destination of those goods were:-

Asia	Y46,060,000,000 (55%)
North America	16,810,000,000 (20%)
Africa	8,044,000,000 (10%)
Oceania	1,767,000,000
South America	382,000,000

Major markets for exports: (value in million yen).

India: Yen 15,470 (19%) Rayon and staple yarn, machinery, Cotton yarn and fabrics, Glass, Cement.

United States 15,338 yen, (18%) Silk fabrics, Toys, Ceramics, Raw silk, Scrap iron, Glass, Fish oil, Rolled steel, Canned provisions, Machinery, Furs.

United Kingdom 5,796 yen, (7%) Cotton fabrics, Raw silk.

Hongkong 5,694 yen, Synthetic fabrics, Machinery, Woollen fabrics, Cotton fabrics, Cement, Aquatic products, Coal, Rubber-tyres, Ceramics, Mushrooms, Raw silk.

Indonesia: 5,541 yen, (7%) Cotton fabrics.

Korea: 2,853 yen, (3%) Coal.

British (West) Africa 2,830 yen, (3%) Cotton fabrics, Enamelled ironware, Synthetic fabrics, Knitted goods.

Philippines 2,605 yen, (3%) Rolled steel, Cement.

Aden 2,602 yen, (3%) Cotton fabrics.

Imports: Foodstuffs constituted 34 per cent in value of imports, followed by raw materials for textile goods (25 per cent). A larger portion of imports was from the United States constituting 42 per cent in value of the total. This is because Japan depends on the United States for a greater portion of foodstuffs, and textile raw materials. Import trade with China was mainly with Formosa consisting largely of sugar and salt.

	Quantity in metric ton	Value in Million yen	Ratio in value versus the total imports
Raw cotton	95,039	16,545	18%
Wheat	624,127	13,894	15
Mineral oil	891,741	8,206	69
(Kilolitres)			
Coal	1,022,616	5,140	6
Sugar	206,413	4,956	5
Potassium			
chloride	177,096	3,369	4
sulphide	—	—	3
Beans, corn, etc.	100,482	3,212	3
Wool	6,227	3,089	3
Metallic ore	681,133	2,701	3
Barley	117,492	2,275	2
Salt	673,468	2,196	2
Pulp	51,607	2,147	2
Maize	115,417	2,072	2
Rubber	22,922	1,948	2

Imports came from:—

North America	Y59,750,000,000 (64%)
Asia	Y17,253,000,000 (19%)
Europe	Y 7,501,000,000 (8%)
Oceania	Y 4,108,000,000
Africa	Y 3,396,000,000
South America	Y 997,000,000

Problems of Rehabilitation of Japan's Cotton Industry

The changes of the past 10 years in the international cotton-textile situation have had their most adverse effects on Japan. Before the war Japan exported annually on the average more than 2,500,000,000 yards of cotton cloth, and held about 40 per cent of the total trade in cotton textiles. From this foremost position Japan was reduced in 1948 to an export of 423,000,000 yards.

The Japanese cotton-textile industry today operates at only a fraction of its pre-war level. In 1937 this industry had 12,200,000 spindles installed; about 9,000,000 spindles were operated. In April 1949 there were about 3,300,000 spindles installed, of which 2,479,000 were operated.

Before the war (1936) cotton piece goods accounted for about 15 per cent of the value of total Japanese exports. These exports, of course, did not result in a corresponding net increase in foreign exchange, because of the necessity of importing the raw cotton from which the textiles were manufactured.

The question of the level of Japan's cotton-textile industry is of extreme importance to the textile exporting and importing countries of the world—particularly to the United States and the United Kingdom.

It is in the interest of the United States taxpayer that the Japanese economy be put on a self-sustaining basis as early as possible. The cost of supporting occupied Japan includes that of providing for the difference between the costs of essential imports and the return from Japanese exports. In view of the importance of the cotton-textile industry to the Japanese before the war it is clear that a considerable degree of "reestablishment" in this particular field is essential to the building of a sound Japanese economy.

The importance of Japan as a market for United States cotton is likewise a factor in the extremely complex problem of the Japanese cotton-textile industry. Before the war (1935-39) exports of raw cotton to Japan from the United States averaged 1,271,000 bales annually, or about one-fourth of U.S. total cotton exports.

It is clear, however, that if Japanese cotton-textile exports were to regain a large portion of their prewar volume the export trade of the other large exporting countries would be seriously affected. The United States and the United Kingdom would, perhaps, feel the most pronounced impact. The effect upon the United Kingdom might be particularly significant because the reduction of the market would be a further decline from a level of exports already lower than in pre-war days.

Southern Philippine Economy at Beginning of Second Half of 1949

The first half of 1949 was a period of readjustment in the southern islands of the Philippines. The tone of business was set by the price of copra, which maintained a level about one-half of that prevailing in 1948. With the important place of copra in the economy of the southern Philippines, the effect of such a decline in price on the general level of prosperity was inevitable, and compared with the immediate postwar years, the volume of business activity was lower. Credits were more restricted and collections were slower. No important failures occurred, however, and on the whole business was regarded as good.

The manager of the Cebu office of a leading import-export firm, operating throughout the Visayan Islands and in Mindanao, reported that the volume of business held up well, notwithstanding the development of Japanese competition, notably in hardware lines and galvanized iron sheets. A large distributor of petroleum products reported that the volume of his firm's sales in the first 6 months this year actually exceed the 1948 level by about 20 per cent, although because of lower petroleum prices the value of business was no higher.

At the close of the 6 months' period the copra market was unsettled and large-scale buyers stated that their operations were extremely difficult. After 2 years of stable prices, the abaca market broke. Chiefly in consequence of the general supply situation of competitive fibers, abaca prices declined about 30 per cent. Although Philippine abaca production is still far below the prewar level, increasing supplies of fibers from other sources, notably Mexico, are becoming available.

All but about 20 per cent of the present sugar production in the Philippines is in the Visayan Islands, between Luzon and Mindanao. As the 1948-49 milling season drew to a close it appeared that output would reach 700,000 short tons, nearly 80 per cent above the level of the preceding crop year.

The Government-owned Cebu Portland Cement Co. completed its new cement mill during the first half of the year, thereby doubling the plant's former capacity of 20,000 bags of

cement per day. As the new plant is operating on a trial basis for the present and the old mill undergoing repairs, capacity production has not yet been reached. The price of cement was reduced by about 15 per cent on July 1.

Rates for commercial and industrial consumers have been lowered somewhat by the Visayan Electric Co. The relatively high rate for residential consumers (US\$0.15 per kilowatt-hour) continues, although a discount of 10 per cent for prompt payment of bills is now allowable.

The volume of private construction during the first half of 1949 was considerably lower than in the preceding 6 months. Although the cost of building material declined by about 15 per cent, wages remained about the same notwithstanding indications of increasing unemployment. Rents also declined about 15 per cent on new houses and lease renewals. The latter tendency, coupled with tighter credit conditions, caused some slackening in the erection of private homes.

With increased awards by the War Damage Commission, under provisions of the Philippine Rehabilitation Act, public construction began to increase, although full-scale activity is not expected for 2 or 3 months. Cebu's largest contractors are maintaining a good volume of business by undertaking numerous rehabilitation contracts in other islands of the Visayas and in Mindanao. Funds provided by the War Damage Commission for rehabilitation of bridges and highways have been allotted in full, and work under the program was accelerated during the first half of the year. Of the total to be expended, about two-thirds will come from War Damage awards of the United States, and one-third from the Philippine Government, including some provincial and municipal governments. The reconstruction of bridges accounts for the major portion of the total cost. Repaving of streets in the city of Cebu, one of the largest single projects, was about to start at the close of June.

Rehabilitation of Cebu's piers proceeded very slowly, reportedly because the contractor's bid was too low to cover the actual cost of the job. Fender piles were driven at Cebu's pier 1, however, a much-needed improvement, the lack of which had constituted a serious hazard for large ships.

Notwithstanding the generally lower level of business activity, the tonnage of ships entering the port of Cebu during the first 6 months of 1949 continued at the high level of 1948. Unsettled conditions in China contributed to this situation. Ships looking for cargo called at Philippine ports for comparatively small amounts.

Trade of Hongkong

HONGKONG IMPORTS & EXPORTS OF MERCHANDISE FOR THE FIRST EIGHT MONTHS
OF 1947, 1948 AND 1949

(in thousands of Hongkong dollars)

Month	1947				1948				1949			
	Imports	Exports	Import excess	Import excess %	Imports	Exports	Import excess	Import excess %	Imports	Exports	Export excess	Export excess %
Jan.	105,406	102,591	2,815	2.74	140,755	113,316	27,439	24.21	159,336	171,811	12,475	7.83
Feb.	82,557	70,993	11,564	16.29	131,243	92,286	38,957	41.13	161,595	135,454	26,141	19.30
March	113,104	95,795	17,309	18.07	170,562	115,037	55,525	48.27	221,714	177,073	44,641	25.21
April	103,545	89,635	13,910	15.52	188,888	138,312	50,576	36.56	160,449	114,826	45,623	39.73
May	124,015	99,905	24,110	24.13	176,735	133,028	43,707	22.85	320,532	219,287	101,245	46.17
June	130,474	100,427	30,002	29.85	173,787	106,118	67,669	63.77	208,180	164,069	44,111	26.89
July	142,562	102,840	39,722	38.63	167,050	135,887	31,163	22.92	191,355	194,991	Export excess 3,636	Export excess 1.90
August	119,794	72,377	47,417	65.51	153,531	123,696	29,835	24.12	229,281	195,192	Import excess 34,089	Import excess 17.46
First eight months	921,457	733,608	188,849	25.61	1,301,553	957,682	343,872	35.91	1,652,442	1,372,703	279,734	20.38
Monthly Averages	115,182	91,701	23,356	25.61	162,694	119,710	42,984	35.91	206,555	171,588	34,966	20.38

Hongkong's Trading Partners for May 1949.

In the Far Eastern Economic Review of June 22 the figures were given of Hongkong's trade for May 1949. Since then, however, some adjustments have had to be made in the returns by the Dept. of Commerce & Industry which bring the total trade of the Colony for that month to \$539.8 million or 73.5% above the total trade for May 1948 of \$309.7 m. imports are valued at 320½ million or 80.1% above the figure for May 1948 of \$176.7 m. and exports at \$219.2 m. or 64.8% above the amount a year ago of \$133 m. The excess of imports over exports comes to \$101.2 m. as against an adverse balance of \$43.7 m. for May 1948.

For the period January/May 1949, the total trade amounts to \$1,676,046,345, an increase of 26.9% over the same period of 1948 \$1,399,164,208; imports total \$936,422,175 and exports \$739,624,170, increases respectively of 16% and 24.9% against the figures for Jan./May 1948 of \$807,184,725 and \$591,979,483. The adverse trade balance amounts to \$196,798,005 as against \$215,205,242 for the same period last year.

* * *

On the following pages are given details of Hongkong's trade with individual countries, and it will be noticed that transactions with United Kingdom increased considerably during May: imports, which amounted to \$49.14 million rose by 104% over the figures for April of \$26.35 m. and by 124.5% over those for May last year of \$21.89 m. The main increases in imports were in tobacco \$2.8 m. (April \$1.14 m.), chemicals \$2.53 m. (\$1.19 m.), dyeing & tanning substances \$1.56 m. (\$1.22 m.), rubber & manufactures thereof \$1.08 m. (\$348,990), pulp & paper \$1.14 m. (\$471,539), textile materials, raw or

simply prepared \$1.60 m. (\$160,049), yarns & threads \$4.02 m. (\$3.30 m.), textile fabrics & small wares \$7.75 m. (\$5.69 m.), iron & steel \$2.17 m. (\$1.39 m.), non-ferrous base metals \$1.96 m. (\$813,062), manufactures of base metals, n.e.s. \$3.67 m. (\$1.81 m.), machinery other than electrical \$4.17 m. (\$1.81 m.), electrical machinery \$5.04 m. (\$1.82 m.), vehicles & transport equipment \$3.3 m. (\$2.09 m.), manufactured articles, n.e.s. \$1.09 m. (\$473,885). Exports to the U.K. totalled \$13.69 m., an increase of 61% over the April figure of \$8.5 m. and of 93.9% over May last \$7.06 m., the principal gains being in animal & vegetable oils & fats \$6.41 m. (April \$1.87 m.), ores \$1.18 m. (nil) and hides & skins \$715,718 (\$242,888).

Imports from North China totalled \$28.51 m., an increase of 185.6% against the figures for April of \$9.98 m. and of 221.7% over May last year \$8.86 m. Compared with April of this year, increased imports were in fruits & nuts \$1.05 m. (\$345,678), vegetables \$2.18 m. (\$817,750), oil seeds & nuts (oil) \$2.08 m. (\$247,613), vegetable oils \$2.21 m. (\$22,080), yarns & threads \$6.48 m. (\$2.75 m.), textile fabrics & small wares \$6.86 m. (\$2.95 m.) and miscellaneous crude or simply prepared products \$3 m. (\$704,443). Exports amounted to \$17.70 m., a gain of 58.3% against April \$11.18 m. and of 110.9% against May 1948 \$8.39; the principal increases against April were in chemicals \$2.26 m. (\$1.13 m.), dyeing & tanning substances \$1.53 m. (\$1.02 m.), rubber & manufactures thereof \$2.06 m. (\$645,672), paper \$2.04 m. (\$1.23 m.), textile materials, raw or simply prepared \$4.4 m. (\$781,856), made-up articles of textile materials other than clothing \$1.08 m. (\$135,000).

Central China imports amounted to \$4.61 m. against \$3.03 m. for April and \$3.93 m. for May last year, the princi-

pal gains being in sugar & sugar confectionary \$1.12 m. (\$489,408), and textile fabrics & small wares \$778,104 (\$298,377). Exports totalled \$4.95 m. compared with \$2.63 m. for April and \$7.13 m. for last May; textile fabrics & small wares \$1.3 m. showed a gain against April (\$644,082).

Imports from South China in May came to \$55.57 m., an increase of 136.8% compared with April \$23.46 m. and of 261.7% compared with the previous May \$15.36. Increases imports compared with April were in vegetables \$1.73 m. (\$676,627), sugar & sugar confectionary \$2.57 m. (\$239,368), vegetable oils \$12.23 m. (\$5.38 m.), wood & cork \$1.1 m. (\$861,452), hides & skins \$1.46 m. (\$504,864), yarns & threads \$4.52 m. (\$1.53 m.), made-up articles of textile materials other than clothing \$1.3 m. (\$168,220), non-ferrous base metals \$4.11 m. (\$927,068) and miscellaneous crude or simply prepared products \$16.45 m. (\$4.97 m.). Exports \$8.26 m. showed a gain of 44.9% over April \$5.70 m., but very little increase compared with last May \$8.10 m.; gains were shown in products for heating, lighting & power \$2.41 (\$1.97 m.) and iron & steel \$1.05 m. (\$320,503).

There was a gain in imports from Macao \$13.14 m. of 156.6% as against the figure for April of \$5.12 m. and of 52.4% against May 1948 \$8.62 m. The principal increases were in dairy products \$1.31 m. (\$938,561), vegetables \$1.36 m. (\$403,616), vegetable oils \$1.2 m. (\$246,069), textile fabrics & small wares \$3.48 m. (\$384,613) and manufactured articles, n.e.s. \$1.7 m. (nil). Exports amounted to \$22.5 m., an increase of 135.6% against April \$9.55 m. and of 140.6% compared with May 1948 \$9.35 m. The main rises in exports were in manufactured products of cereals \$1.34 m. (\$607,270), fruits & nuts, except oil-nuts \$1.13 m. (\$346,110), tobacco \$1.84 m. (\$1.01 m.), chemicals \$1.39 m. (\$626,213), textile fabrics

& small ware \$2.35 m. (\$397,047), clothing & underwear \$1.22 m. (\$239,357), products for heating, lighting & power \$1.64 m. (\$852,146) and manufactured articles, n.e.s. \$1.19 m. (\$285,981).

The figures for imports from Japan, which amounted to \$4.67 m., showed a drop against those for April of \$6.99 m. but little difference compared with those of the previous May (\$4.54 m.); the chief falls were in textile fabrics and small wares \$953,109 (April \$1.92 m.), fishery products \$404,960 (\$895,148), products for heating, lighting & power \$455,285 (\$875,680), and non-metallic minerals \$384,734 (\$814,081). Exports, however, which totalled \$11.54 m. showed a gain of 178.7% above those for April (\$4.14 m.) and of 152% over May last (\$4.58 m.), the principal increases being in feeding stuffs for animals \$4.32 m. (April \$28,570), miscellaneous crude or simply prepared products \$1.25 m. (\$306,150), and manufactured articles, n.e.s. \$915,193 (\$58,811).

Imports from South Korea \$3.56 m. showed a slight fall against those for April \$3.97 m., but an increase against May 1948 \$962,798; imports of miscellaneous crude or simply prepared products showed a rise, amounting to \$1.61 m. compared with April (\$284,865), but fishery products for food \$893,047 showed a drop (April \$1.34 m.), as did oil-seeds, nuts & kernels of which no imports were recorded compared with imports amounting to \$1.58 m. in April. Exports on the other hand amounted to \$12.13 m., or an increase of 357.7% compared with April \$2.65 m. and of 230.5% against May last year \$3.67 m. The principal export gains were in chemicals \$1.1 m. (\$367,072), paper \$4.04 m. (\$864,607), yarns & threads \$3.11 m. (\$451,602), textile fabrics & small wares \$982,173 (\$103,779) and rubber & manufactures thereof, n.e.s. \$613,543 (\$196,504).

From North Korea imports amounted to \$6.57 m., a slight gain over April \$6.52 m. No imports were recorded in May of last year. The principal gains were in oil-seeds \$1.31 m. (\$1.07 m.) and vegetable oils \$884,100 (\$224,767). Exports totalled \$3.21 m. compared with \$530,532 in April and none in May 1948; the chief increases were in paper \$771,383 (\$11,582), textile fabrics & small wares \$759,054 (\$239,060), electrical machinery \$310,329 (\$1,566), and yarns & threads \$300,000 (nil).

Imports from Siam amounted to \$7.62 m., an increase against April \$4.95 m., but a fall against May last year \$10.35 m.; cereals fell to \$1.13 m. (April \$3.28 m.), but gains were shown in imports of wood \$2.1 m. (\$576,140), non-metallic minerals \$1.01 m. (\$89,148) and hides & skins \$635,678 (\$327,566). Exports were \$19.51 m., an increase compared with both April \$18.19 m. and May last \$12.50 m.; increases were in yarns & threads \$4.74 m. (\$3.3 m.), textile fabrics & small wares \$5.47 m. (\$3.63 m.), made-up articles of textile materials other than clothing \$2.17 m. (\$954,150).

Malaya showed a slight rise in imports \$5.99 m. compared with April \$4.04 m., but a fall against last May \$10.09 m.; increases were shown in fishery products for food \$962,921 (April \$154,978), wood & cork \$682,841 (\$432,493) and miscellaneous crude products \$410,347 (\$197,373). Exports \$20.92 m. likewise showed a rise against April \$11.68 m. but a fall against May last \$21.29 m.; compared with April, rises were indicated in vegetables \$2.68 m. (\$1.25 m.), paper \$1.19 m. (\$436,757), textile fabrics & small wares \$3.41 m. (\$2.42 m.), clothing & underwear \$1.85 m. (\$692,906), miscellaneous crude products \$1.24 m. (\$447,583) and \$1.92 m. (\$1.14 m.).

As regards the Philippine Republic imports amounted to \$2.51 m., as against April \$1.73 m. and May 1948 \$872,174; increased imports were in fruits \$700,-

452 (April \$243,347), textile fabrics \$860,389 (\$584,177) and textile materials, raw or simply prepared \$355,903 (\$33,355). Exports totalled \$20.92 m., a rise against April \$11.63 m., but a drop against May last \$21.29 m.; the increases were in dairy products \$2.59 m. (\$940,899), manufactured products of cereals \$1.06 m. (\$353,809), vegetables \$2.41 m. (\$799,864), textile fabrics & small wares \$1.68 m. (\$608,188) and manufactures of base metals \$1.32 m. (\$519,055).

Imports from the United States of America, amounting to \$71.87 m., showed a gain of 113.9% compared with April \$33.59 m. and of 78.5% as against May 1948 \$40.25 m.; increased imports were in manufactured products of cereals \$2.36 m. (\$879,341), fruits \$1.35 (\$842,606), tobacco \$1.17 m. (\$156,466), chemicals \$8.32 m. (\$4.7 m.), dyeing & tanning substances \$2.74 m. (\$1.62 m.), pulp, paper etc. \$6.24 m. (\$3.99 m.), perfumery, cosmetics, etc. \$1.12 m. (\$628,740), textile materials, raw or simply prepared \$10.41 m. (\$2.02 m.), textile fabrics & small wares \$4.54 m. (\$1.79 m.), clothing & underwear, hats \$1.46 m. (\$781,389), products for heating, lighting & power \$2.19 m. (\$872,842), manufactures of base metals \$2.6 m. (\$1.44 m.), machinery & appliances \$5.26 m. (\$1.58 m.), electrical machinery \$2.81 m. (\$860,801), vehicles \$4.38 m. (\$1.36 m.), manufactured articles, n.e.s. \$4.85 m. (\$3.49 m.), and miscellaneous crude product \$830,553 (\$90,628). Exports totalled \$24.44 m. as against \$5.20 m. for April and \$17.08 m. for May of last year, increases of 370% and 43% respectively; the chief gains were in miscellaneous crude products \$9.15 m. (\$1.67 m.), manufactured articles, n.e.s. \$3.41 m. (\$1.22 m.), vegetables \$1.05 m. (\$238,412), animal & vegetable oils, etc. \$1.79 m. (\$69,461), furs not made up \$1.47 m. (\$382,419), non-ferrous base metals \$1.79 m. (\$103,320), textile fabrics & small wares \$652,958 (\$193,651) and hides & skins \$558,103 (\$64,302).

THE TRADING PARTNERS OF HONGKONG

TOTAL VALUES OF IMPORTS & EXPORTS BY COUNTRIES FOR THE MONTH OF MAY, 1949.

UNITED KINGDOM			AUSTRALIA		
ARTICLES	Imports \$	Exports \$	ARTICLES	Imports \$	Exports \$
Meat and preparations thereof	1,480	—	Meat and preparations thereof	634,412	574
Dairy products, eggs and honey ...	43,200	79,307	Dairy products, eggs and honey	2,923,904	543
Fishery products, for food	30,057	80	Fishery products, for food	12,852	47,458
Cereals	2,142	—	Manufactured products of cereals, chiefly for human food	2,166,244	17,850
Manufactured products of cereals, chiefly for human food	395,914	—	Fruits and nuts, except oil-nuts ...	450,680	28,787
Fruits and nuts, except oil-nuts ...	66,256	—	Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	77,173	97,771
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	4,125	63,864	Sugar and sugar confectionery	—	1,332
Sugar and sugar confectionery	196,282	—	Coffee, tea, cocoa and preparations thereof; spices	—	112,949
Coffee, tea, cocoa and preparations thereof; spices	198,194	4,384	Beverages and vinegars	45,845	72,551
Beverages and vinegars	644,323	464	Feeding stuffs for animals, n.e.s. .	3,263	—
Tobacco	2,842,621	—	Tobacco	48,520	10,705
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s.	—	6,414,707	Oil-seeds, nuts and kernels	—	2,535
Chemical elements and compounds; pharmaceutical products	2,530,053	34,992	Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s.	75,266	767,486
Dyeing, tanning and colouring sub- stances (not including crude materials)	1,563,757	6,822	Chemical elements and compounds; pharmaceutical products	169,581	20,790
Essential oils, perfumery, cosmetics, soaps and related products	560,267	22,800	Dyeing, tanning and colouring sub- stances (not including crude materials)	26,409	11,258
Fertilizers	233,952	—	Essential oils, perfumery, cosmetics, soaps and related products	37,268	10,385
Rubber and manufactures thereof, n.e.s.	1,081,572	—	Rubber and manufactures thereof, n.e.s.	—	5,963
Wood, cork & manufactures thereof	24,463	15,000	Wood, cork & manufactures thereof	—	71,575
Pulp, paper and cardboard and manu- factures thereof	1,144,190	—	Pulp, paper and cardboard and manu- factures thereof	—	17,194
Hides and skins and leather	120,990	715,716	Hides and skins and leather	656,180	1,325
Manufactures of leather, not includ- ing articles of clothing	85,827	—	Manufactures of leather, not includ- ing articles of clothing	22,025	5,929
Textile materials, raw or simply prepared	1,604,342	—	Yarns and thread	1,189,786	—
Yarns and thread	4,022,166	—	Textile fabrics and small wares ...	96,060	2,612
Textile fabrics and small wares ...	7,553,480	680	Textile fabrics and small wares ...	17,680	597,922
Special and technical textile articles	464,238	—	Special and technical textile articles	—	2,128
Clothing and underwear of textile materials; hats of all materials ..	504,203	14,782	Clothing and underwear of textile materials; hats of all materials ..	—	145,013
Footwear, boots, shoes and slippers	68,006	2,020,401	Footwear, boots, shoes and slippers	—	228,158
Made-up articles of textile materials other than clothing	173,587	—	Made-up articles of textile materials other than clothing	296	13,786
Products for heating, lighting and power, lubricants and related pro- ducts	28,458	—	Products for heating, lighting and power, lubricants and related pro- ducts	64,803	658
Non-metallic minerals, crude or sim- ply prepared, n.e.s.	96,382	4,750	Non-metallic minerals, crude or sim- ply prepared, n.e.s.	1,134	1,344
Pottery and other clay products	554,391	288	Pottery and other clay products	355	9,827
Glass and glassware	355,166	5,650	Glass and glassware	—	8,210
Manufactures of non-metallic mine- rals, n.e.s.	135,830	—	Precious metals and precious stones, pearls and articles made of these materials	800	—
Precious metals and precious stones, pearls and articles made of these materials	217,816	198,416	Iron and steel	188,108	—
Ores, slag, cinder	5,984	1,180,939	Non-ferrous base metals	39,815	—
Iron and steel	2,172,359	100,000	Manufactures of base metals, n.e.s. .	33,033	196,010
Non-ferrous base metals	1,964,310	387,145	Machinery, apparatus and appliances n.e.s. other than electrical	12,747	24,480
Manufactures of base metals n.e.s. .	3,675,654	104,860	Electrical machinery, apparatus and appliances	75,509	13,576
Machinery, apparatus and appliances n.e.s. other than electrical	4,172,783	1,072	Vehicles & transport equipment, n.e.s.	7,880	23,521
Electrical machinery, apparatus and appliances	5,041,492	750	Miscellaneous crude or simply pre- pared products, n.e.s.	62,336	456,270
Vehicles & transport equipment, n.e.s.	3,302,490	—	Manufactured articles, n.e.s.	42,132	317,300
Miscellaneous crude or simply pre- pared products, n.e.s.	24,996	2,140,215			
Manufactured articles, n.e.s.	1,099,678	42,716			
Gold and specie	140,000	129,390			
Total	49,146,456	13,690,190	Total	9,182,096	3,345,775

CANADA

ARTICLES	Imports \$	\$
Meat and preparations thereof	5,026	—
Dairy products, eggs and honey ...	76,986	6,107
Fishery products, for food	95,500	46,253
Cereals	20,230	—
Manufactured products of cereals, chiefly for human food	1,088,985	17,911
Fruits and nuts, except oil-nuts ...	32,198	38,199
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	19,298	110,671
Sugar and sugar confectionery	6,233	461
Coffee, tea, cocoa and preparations thereof; spices	—	45,643
Beverages and vinegars	75,606	64,104
Feeding stuffs for animals, n.e.s. ...	2,480	56
Tobacco	—	3,314
Oil-seeds, nuts and kernels	—	1,863,330
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s.	—	16,974
Chemical elements and compounds; pharmaceutical products	59,225	14,816
Dyeing, tanning and colouring sub- stances (not including crude materials)	12,252	864
Essential oils, perfumery, cosmetics, soaps and related products	—	208
Wood, cork & manufactures thereof	190,981	6,098
Pulp, paper and cardboard and manu- factures thereof	310,370	2,414
Textile materials, raw or simply prepared	—	3,000
Textile fabrics and small wares	50,000	247,235
Clothing and underwear of textile materials, hats of all materials ..	12,800	39,823
Footwear, boots, shoes and slippers	—	87,349
Made-up articles of textile materials other than clothing	—	1,066
Products for heating, lighting and power, lubricants and related pro- ducts	18,855	115
Non-metallic minerals, crude or sim- ply prepared, n.e.s.	—	221
Pottery and other clay products	—	49,852
Manufactures of non-metallic miner- als, n.e.s.	28,800	—
Precious metals and precious stones, pearls and articles made of these materials	4,000	—
Non-ferrous base metals	182,281	—
Manufactures of base metals, n.e.s. ...	130,388	2,097
Machinery, apparatus and appliances n.e.s. other than electrical	6,200	—
Electrical machinery, apparatus and appliances	29,125	—
Vehicles & transport equipment, n.e.s.	204,926	16,350
Miscellaneous crude or simply pre- pared products, n.e.s.	16,250	103,949
Manufactured articles, n.e.s.	115,536	60,898
Total	2,794,531	2,849,382

CEYLON

ARTICLES	Imports \$	Exports \$
Dairy products, eggs and honey ...	—	111,188
Fruits and nuts, except oil-nuts ...	89,217	—
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	—	23,983
Coffee, tea, cocoa and preparations thereof; spices	169,731	—
Chemical elements and compounds; pharmaceutical products	—	40,651
Rubber and manufactures thereof, n.e.s.	—	7,544

Textile materials, raw or simply prepared	8,851	—
Textile fabrics and small wares	—	70,537
Clothing and underwear of textile materials; hats of all materials ..	4,298	60,651
Footwear, boots, shoes and slippers	—	5,598
Made-up articles of textile materials other than clothing	—	500
Non-metallic minerals, crude or sim- ply prepared, n.e.s.	5,918	—
Pottery and other clay products	—	600
Glass and glassware	—	720
Precious metals and precious stones, pearls and articles made of these materials	4,030	—
Manufactures of base metals, n.e.s. ...	—	133,435
Electrical machinery, apparatus and appliances	—	2,500
Miscellaneous crude or simply pre- pared products, n.e.s.	1,440	8,988
Manufactured articles, n.e.s.	2,205	10,647
	285,690	477,542

EAST AFRICA (British)

ARTICLES	Imports \$	Exports \$
Dairy products, eggs and honey ...	—	261
Fruits and nuts, except oil-nuts	8,570	—
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s.	250	—
Chemical elements and compounds; pharmaceutical products	2,726	25,776
Dyeing, tanning and colouring sub- stances (not including crude mate- rials)	—	7,072
Essential oils, perfumery, cosmetics, soaps and related products	—	18,400
Wood, cork & manufactures thereof	10,073	20,717
Pulp, paper and cardboard & manu- factures thereof	—	519
Manufactures of leather, not includ- ing articles of clothing	—	4,284
Textile fabrics and small wares	—	1,765,224
Clothing and underwear of textile materials; hats of all materials ..	—	1,053,148
Footwear, boots, shoes and slippers	—	19,556
Made-up articles of textile materials other than clothing	—	150
Products for heating, lighting and power, lubricants and related products	—	1,375
Pottery and other clay products	—	68,231
Glass and glassware	—	18,055
Manufactures of non-metallic miner- als, n.e.s.	—	45
Precious metals and precious stones, pearls and articles made of these materials	—	166
Manufactures of base metals, n.e.s. ...	—	588,027
Electrical machinery, apparatus and appliances	—	5,837
Miscellaneous crude or simply pre- pared products, n.e.s.	5,608	2,160
Manufactured articles, n.e.s.	—	122,170
Total	27,227	3,721,173

INDIA

ARTICLES	Imports \$	Exports \$
Dairy products, eggs and honey ...	—	2,483
Fishery products, for food	264,530	—
Manufactured products of cereals, chiefly for human food	—	1,700
Fruits and nuts, except oil-nuts	90,497	6,465
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	—	8,847

Coffee, tea, cocoa and preparations thereof; spices	5,040	—
Tobacco	547,680	—
Oil-seeds, nuts and kernels	—	300
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s.	199,084	9,901
Chemical elements and compounds; pharmaceutical products	80	176,027
Dyeing, tanning and colouring substances (not including crude materials)	158,365	33,867
Essential oils, perfumery, cosmetics, soaps and related products	22,802	1,505
Rubber and manufactures thereof, n.e.s.	—	600
Wood, cork & manufactures thereof	128,529	13,735
Pulp, paper and cardboard and manufactures thereof	—	59,178
Hides and skins and leather	3,857	—
Textile materials, raw or simply prepared	166,492	—
Yarns and thread	—	8,672
Textile fabrics and small wares ...	206,376	336,659
Special and technical textile articles	5,200	21,324
Clothing and underwear of textile materials; hats of all materials ..	—	53,642
Made-up articles of textile materials other than clothing	1,475,168	—
Products for heating, lighting and power, lubricants and related products	1,212,459	—
Non-metallic minerals, crude or simply prepared, n.e.s.	24,900	—
Pottery and other clay products ...	—	12,972
Glass and glassware	—	13,304
Manufactures of non-metallic minerals, n.e.s.	—	286
Precious metals and precious stones, pearls and articles made of these materials	16,451	97,626
Non-ferrous base metals	—	164,419
Manufactures of base metals, n.e.s. .	701	2,545,618
Machinery, apparatus and appliances n.e.s. other than electrical	6,153	15,130
Electrical machinery, apparatus and appliances	—	121,078
Miscellaneous crude or simply prepared products, n.e.s.	190,288	371,760
Manufactured articles, n.e.s.	22,411	897,593
Total	4,747,063	4,973,691

MALAYA

ARTICLES	Imports \$	Exports \$
Meat and preparations thereof	—	151,014
Dairy products, eggs and honey ...	—	159,304
Fishery products, for food	962,921	396,076
Cereals	7,158	117,234
Manufactured products of cereals, chiefly for human food	88,590	44,363
Fruits and nuts, except oil-nuts ...	117,560	705,121
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	242,740	2,681,915
Sugar and sugar confectionery	320	340,135
Coffee, tea, cocoa and preparations thereof; spices	39,090	638,312
Beverages and vinegars	68,688	625,919
Feeding stuffs for animals, n.e.s. ..	—	358,615
Tobacco	—	381,575
Oil-seeds, nuts and kernels	4,500	36,141
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s.	46,812	247,188
Chemical elements and compounds; pharmaceutical products	38,474	858,673
Dyeing, tanning and colouring substances (not including crude materials)	82,795	327,478

Essential oils, perfumery, cosmetics, soaps and related products	665,405	267,215
Fertilizers	20,027	—
Rubber and manufactures thereof, n.e.s.	885,228	35,450
Wood, cork & manufactures thereof	682,841	70,463
Pulp, paper and cardboard and manufactures thereof	—	1,188,422
Hides and skins and leather	59,798	13,175
Manufactures of leather, not including articles of clothing	800	471,600
Textile materials, raw or simply prepared	566	2,970
Yarns and thread	—	403,044
Textile fabrics and small wares ...	179,643	3,418,281
Special and technical textile articles	—	110,722
Clothing and underwear of textile materials; hats of all materials ..	5,130	1,848,879
Footwear, boots, shoes and slippers	1,120	79,241
Made-up articles of textile materials other than clothing	198,190	588,696
Products for heating, lighting and power, lubricants and related products	—	7,200
Non-metallic minerals, crude or simply prepared, n.e.s.	—	6,126
Pottery and other clay products ...	—	40,461
Glass and glassware	29,400	123,328
Manufactures of non-metallic minerals, n.e.s.	—	8,693
Precious metals and precious stones, pearls and articles made of these materials	—	27,651
Ores, slag, cinder	—	7,951
Iron and steel	282,351	9,908
Non-ferrous base metals	286,795	—
Manufactures of base metals, n.e.s. .	41,061	824,338
Machinery, apparatus and appliances n.e.s. other than electrical	3,050	19,548
Electrical machinery, apparatus and appliances	76,494	93,492
Vehicles & transport equipment, n.e.s.	317,790	31,331
Miscellaneous crude or simply prepared products, n.e.s.	410,347	1,246,062
Manufactured articles, n.e.s.	76,931	1,915,591
Gold and specie	75,600	—
Total	5,998,315	20,928,900

NEW ZEALAND

ARTICLES	Imports \$	Exports \$
Meat and preparations thereof	—	2,642
Dairy products, eggs and honey ...	—	82
Fishery products, for food	2,100	36,302
Manufactured products of cereals, chiefly for human food	1,111	7,383
Fruits and nuts, except oil-nuts ...	26,839	14,102
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	—	27,810
Sugar and sugar confectionery	—	146
Coffee, tea, cocoa and preparations thereof; spices	—	6,371
Beverages and vinegars	2,906	416
Oil-seeds, nuts and kernels	—	434
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s.	—	26,753
Chemical elements and compounds; pharmaceutical products	—	7,584
Wood, cork & manufactures thereof	4,012	1,682
Pulp, paper and cardboard and manufactures thereof	—	418
Hides and skins and leather	41,536	—
Textile materials, raw or simply prepared	—	8,220
Textile fabrics and small wares ...	—	21,354
Special and technical textile articles	—	500
Clothing and underwear of textile materials; hats of all materials ..	—	1,246

Footwear, boots, shoes and slippers	—	407
Pottery and other clay products	—	6,191
Manufactures of base metals, n.e.s.	—	32,852
Electrical machinery, apparatus and appliances	—	1,750
Miscellaneous crude or simply prepared products, n.e.s.	—	49,331
Manufactured articles, n.e.s.	—	65,276
Total	78,504	319,242

NORTH BORNEO

ARTICLES	Imports \$	Exports \$
Dairy products, eggs and honey	—	2,273
Fishery products, for food	266,670	2,345
Cereals	—	204
Manufactured products of cereals, chiefly for human food	—	12,179
Fruits and nuts, except oil-nuts	44,500	18,360
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	67,576	44,661
Sugar and sugar confectionery	—	113,733
Coffee, tea, cocoa and preparations thereof; spices	2,500	7,776
Beverages and vinegars	—	83,724
Feeding stuffs for animals, n.e.s.	—	13
Tobacco	—	9,336
Oil-seeds, nuts and kernels	—	3,877
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s.	13,869	4,436
Chemical elements and compounds; pharmaceutical products	—	4,368
Dyeing, tanning and colouring substances (not including crude materials)	300	1,800
Essential oils, perfumery, cosmetics, soaps and related products	—	6,063
Rubber and manufactures thereof, n.e.s.	27,601	100
Wood, cork & manufactures thereof	1,315,354	3,887
Pulp, paper and cardboard and manufactures thereof	—	22,674
Hides and skins and leather	11,411	—
Manufactures of leather, not including articles of clothing	—	25,273
Textile materials, raw or simply prepared	—	420
Yarns and thread	—	60
Textile fabrics and small wares	—	159,675
Special and technical textile articles	—	3,538
Clothing and underwear of textile materials; hats of all materials	—	31,447
Footwear, boots, shoes and slippers	—	30,849
Made-up articles of textile materials other than clothing	—	23,356
Products for heating, lighting and power, lubricants and related products, n.e.s.	—	1,099
Non-metallic minerals, crude or simply prepared, n.e.s.	—	15,407
Pottery and other clay products	—	4,682
Glass and glassware	—	7,792
Manufactures of non-metallic minerals, n.e.s.	—	511
Iron and steel	—	3,831
Non-ferrous base metals	805	7,250
Manufactures of base metals, n.e.s.	—	41,784
Electrical machinery, apparatus and appliances	—	1,643
Vehicles & transport equipment, n.e.s.	—	6,627
Miscellaneous crude or simply prepared products, n.e.s.	9,850	13,107
Manufactured articles, n.e.s.	22,500	39,281
Total	1,782,936	759,441

PAKISTAN

ARTICLES	Imports \$	Exports \$
Fishery products, for food	48,125	—
Fruits and nuts, except oil-nuts	9,500	—
Coffee, tea, cocoa and preparations thereof; spices	—	4,950
Chemical elements and compounds; pharmaceutical products	68,199	15,919
Dyeing, tanning and colouring substances (not including crude materials)	—	750
Essential oils, perfumery, cosmetics, soaps and related products	—	6,979
Pulp, paper and cardboard & manufactures thereof	—	116,225
Textile materials, raw or simply prepared	330,000	14,900
Yarns and threads	—	1,124,702
Textile fabrics and small wares	—	96,471
Clothing and underwear of textile materials; hats of all materials	—	27,990
Footwear, boots, shoes and slippers	—	1,997
Pottery and other clay products	—	8,915
Manufactures of base metals, n.e.s.	—	427,000
Electrical machinery, apparatus and appliances	—	4,440
Miscellaneous crude or simply prepared products, n.e.s.	—	68,451
Manufactured articles, n.e.s.	—	185,942
Total	455,824	2,105,631

SOUTH AFRICA

ARTICLES	Imports \$	Exports \$
Fishery products, for food	10,358	—
Manufactured products of cereals, chiefly for human food	2,157	126
Fruits and nuts, except oil-nuts	7,950	—
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	—	4,388
Coffee, tea, cocoa and preparations thereof; spices	—	24,907
Beverages and vinegars	29,038	—
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s.	—	67,396
Chemical elements and compounds; pharmaceutical products	209,097	4,338
Dyeing, tanning and colouring substances (not including crude materials)	382,418	4,985
Wood, cork & manufactures thereof	—	2,338
Hides and skins and leather	28,800	—
Manufactures of leather, not including articles of clothing	—	7,515
Yarns and thread	—	6,850
Textile fabrics and small wares	—	188,932
Special and technical textile articles	—	71,913
Clothing and underwear of textile materials; hats of all materials	—	893,277
Made-up articles of textile materials other than clothing	—	13,487
Products for heating, lighting and power, lubricants and related products	404,060	—
Pottery and other clay products	—	11,783
Glass and glassware	—	8,714
Precious metals and precious stones, pearls and articles made of these materials	1,266,149	217,040
Manufactures of base metals, n.e.s.	—	355,157
Electrical machinery, apparatus and appliances	—	1,205
Vehicles & transport equipment, n.e.s.	8	—
Miscellaneous crude or simply prepared products, n.e.s.	606	63,735
Manufactured articles, n.e.s.	—	70,484
Total	2,340,641	2,018,570

WEST AFRICA

ARTICLES	Imports	Exports
	\$	\$
Sugar and sugar confectionery	—	4,085
Coffee, tea, cocoa and preparations thereof; spices	—	1,900
Chemical elements and compounds; pharmaceutical products	—	8,760
Dyeing, tanning and colouring substances (not including crude materials)	—	22,436
Manufactures of leather, not including articles of clothing	—	11,000
Textile fabrics and small wares	—	59,394
Clothing and underwear of textile materials; hats of all materials ..	—	89,629
Footwear, boots, shoes and slippers	—	53,869
Made-up articles of textile materials other than clothing	—	1,610
Pottery and other clay products	—	440
Glass and glassware	—	29,579
Manufactures of base metals, n.e.s. .	—	486,424
Electrical machinery, apparatus and appliances	—	47,333
Manufactured articles, n.e.s.	—	69,630
Total	—	886,089

WEST INDIES

ARTICLES	Imports	Exports
	\$	\$
Meat and preparations thereof	—	352
Dairy products, eggs and honey	—	180
Fishery products, for food	—	1,753
Manufactured products of cereals, chiefly for human food	—	1,330
Fruits and nuts, except oil-nuts	—	7,262
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	—	7,640
Coffee, tea, cocoa and preparations thereof; spices	—	7,423
Beverages and vinegars	767	391
Oil-seeds, nuts and kernels	—	112
Chemical elements and compounds; pharmaceutical products	—	8,197
Dyeing, tanning and colouring substances (not including crude materials)	—	10,031
Rubber and manufactures thereof, n.e.s.	—	31,404
Wood, cork & manufactures thereof	—	548
Hides and skins and leather	4,630	—
Manufactures of leather, not including articles of clothing	—	1,105
Yarns and thread	—	39
Textile fabrics and small wares	—	29,958
Clothing and underwear of textile materials; hats of all materials ..	—	171,760
Footwear, boots, shoes and slippers	—	215,155
Made-up articles of textile materials other than clothing	—	7,600
Products for heating, lighting and power, lubricants and related products	—	2,016
Pottery and other clay products	—	498
Glass and glassware	—	1,255
Manufactures of base metals, n.e.s. .	—	24,798
Electrical machinery, apparatus and appliances	—	1,837
Miscellaneous crude or simply prepared products, n.e.s.	—	8,318
Manufactured articles, n.e.s.	—	119,003
Total	5,397	659,974

BRITISH EMPIRE, OTHER

ARTICLES	Imports	Exports
	\$	\$
Meat and preparations thereof	—	2,463
Dairy products, eggs and honey ...	—	826
Fishery products, for food	34,893	5,792
Manufactured products of cereals, chiefly for human food	—	4,942
Fruits and nuts, except oil-nuts	—	7,216
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	—	14,630
Sugar and sugar confectionery	—	2,830
Coffee, tea, cocoa and preparations thereof; spices	—	11,858
Beverages and vinegars	—	625
Tobacco	—	10,816
Oil-seeds, nuts and kernels	—	740
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s.	—	16,100
Chemical elements and compounds; pharmaceutical products	—	34,025
Dyeing, tanning and colouring substances (not including crude materials)	—	5,083
Essential oils, perfumery, cosmetics, soaps and related products	—	17,292
Rubber and manufactures thereof, n.e.s.	—	431
Wood, cork & manufactures thereof	116,199	15,001
Pulp, paper and cardboard and manufactures thereof	—	48,795
Manufactures of leather, not including articles of clothing	—	6,099
Yarns and thread	—	6,172
Textile fabrics and small wares	—	233,988
Special and technical textile articles	—	3,036
Clothing and underwear of textile materials; hats of all materials ..	—	264,846
Footwear, boots, shoes and slippers	—	55,609
Made-up articles of textile materials other than clothing	—	39,580
Products for heating, lighting and power, lubricants and related products	1,314,577	1,237
Non-metallic minerals, crude or simply prepared, n.e.s.	—	3,500
Pottery and other clay products	—	6,004
Glass and glassware	—	6,182
Manufactures of non-metallic minerals, n.e.s.	—	12
Manufactures of base metals, n.e.s. .	—	92,933
Machinery, apparatus and appliances n.e.s. other than electrical	—	1,554
Electrical machinery, apparatus and appliances	—	8,457
Miscellaneous crude or simply prepared products, n.e.s.	—	22,290
Manufactured articles, n.e.s.	—	121,562
Total	1,465,669	1,072,526

AUSTRIA

ARTICLES	Imports	Exports
	\$	\$
Chemical elements and compounds; pharmaceutical products	1,200	—
Pulp, paper and cardboard and manufactures thereof	689,686	—
Total	690,886	—

BELGIUM

ARTICLES	Imports \$	Exports \$
Dairy products, eggs and honey	—	13,844
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	—	6,068
Tobacco	—	57,005
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s.	—	53,126
Chemical elements and compounds; pharmaceutical products	69,104	5,800
Dyeing, tanning and colouring sub- stances (not including crude materials)	12,256	—
Fertilizers	596,262	—
Wood, cork & manufactures thereof	—	3,253
Hides and skins and leather	—	7,834
Textile fabrics and small wares	101,438	—
Footwear, boots, shoes and slippers	—	5,189
Pottery and other clay products	31,973	2,785
Glass and glassware	308,517	—
Precious metals and precious stones, pearls and articles made of these materials	401,956	—
Ores, slag, cinder	—	171,746
Iron and steel	1,028,210	—
Non-ferrous base metals	26,579	—
Manufactures of base metals, n.e.s. .	71,550	11,644
Machinery, apparatus and appliances n.e.s. other than electrical	68,189	—
Electrical machinery, apparatus and appliances	9,398	1,230
Miscellaneous crude or simply pre- pared products, n.e.s.	—	36,185
Manufactured articles, n.e.s.	99,291	18,923
Total	2,824,723	394,632

BURMA

ARTICLES	Imports \$	Exports \$
Dairy products, eggs and honey	—	400
Fishery products, for food	3,000	34,535
Cereals	1,633,469	—
Manufactured products of cereals, chiefly for human food	—	15,060
Fruits and nuts, except oil-nuts	—	47,537
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	—	33,733
Sugar and sugar confectionery	—	1,048,577
Coffee, tea, cocoa and preparations thereof; spices	—	19,860
Tobacco	—	98,802
Oil-seeds, nuts and kernels	—	2,810
Chemical elements and compounds; pharmaceutical products	—	291,795
Dyeing, tanning and colouring sub- stances (not including crude materials)	—	19,951
Essential oils, perfumery, cosmetics, soaps and related products	—	67,353
Rubber and manufactures thereof, n.e.s.	—	18,650
Wood, cork & manufactures thereof	—	4,003
Pulp, paper and cardboard and manu- factures thereof	—	217,868
Textile materials, raw or simply prepared	286,000	—
Yarns and thread	—	405,612
Textile fabrics and small wares	—	21,797
Special and technical textile articles	—	365
Clothing and underwear of textile materials; hats of all materials ..	—	90,770
Footwear, boots, shoes and slippers	—	3,600
Made-up articles of textile materials other than clothing	—	26,440

Pottery and other clay products	1,150	45,260
Manufactures of non-metallic miner- als, n.e.s.	—	375
Precious metals and precious stones, pearls and articles made of these materials	14,500	—
Manufactures of base metals, n.e.s. .	390	83,726
Electrical machinery, apparatus and appliances	—	120,870
Vehicles & transport equipment, n.e.s.	—	1,500
Miscellaneous crude or simply pre- pared products, n.e.s.	3,652	52,434
Manufactured articles, n.e.s.	—	82,097
ducts	1,942,161	2,855,780

CENTRAL AMERICA

ARTICLES	Imports \$	Exports \$
Meat and preparations thereof	—	2,206
Dairy products, eggs and honey	—	1,164
Fishery products, for food	15,000	8,106
Manufactured products of cereals, chiefly for human food	—	2,900
Fruits and nuts, except oil-nuts	—	6,947
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	—	20,278
Coffee, tea, cocoa and preparations thereof; spices	—	5,486
Beverages and vinegars	—	352
Oil-seeds, nuts and kernels	—	518
Animal and vegetable oils, fats, greases and waxes and their manufactures, n.e.s.	—	138
Wood, cork & manufactures thereof	—	23,761
Pulp, paper and cardboard and manu- factures thereof	—	1,792
Manufactures of leather, not includ- ing articles of clothing	—	2,534
Yarns and thread	—	10,999
Textile fabrics and small wares	—	232,934
Clothing and underwear of textile materials; hats of all materials ..	—	34,776
Footwear, boots, shoes and slippers	—	5,863
Products for heating, lighting and power, lubricants and related products	—	300
Non-metallic minerals, crude or sim- ply prepared, n.e.s.	—	67
Pottery and other clay products	—	16,446
Glass and glassware	—	9
Manufacture of non-metallic miner- als, n.e.s.	—	120
Precious metals and precious stones, pearls and articles made of these materials	—	200
Manufactures of base metals, n.e.s. .	—	25,676
Electrical machinery, apparatus and appliances	—	1,900
Miscellaneous crude or simply pre- pared products, n.e.s.	—	5,228
Manufactured articles, n.e.s.	380	75,764
Total	15,380	486,464

CHINA, NORTH

ARTICLES	Imports \$	Exports \$
Meat and preparations thereof	152,632	—
Dairy products, eggs and honey	369,509	320
Fishery products, for food	37,968	1,080
Cereals	36,689	—
Manufactured products of cereals, chiefly for human food	649,628	49,200
Fruits and nuts, except oil-nuts	1,055,124	4,661
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	2,184,540	18,120

Coffee, tea, cocoa and preparations thereof; spices	3,840	43,500
Beverages and vinegars	298,480	54,191
Feeding stuffs for animals, n.e.s. ..	589,490	—
Tobacco	16,500	1,066
Oil-seeds, nuts and kernels	2,079,293	—
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s.	2,216,935	22,913
Chemical elements and compounds; pharmaceutical products	18,490	2,263,497
Dyeing, tanning and colouring substances (not including crude materials)	19,775	1,538,448
Essential oils, perfumery, cosmetics, soaps and related products	—	1,727
Rubber and manufactures thereof, n.e.s.	720	2,063,005
Wood, cork & manufactures thereof	54,252	3,836
Pulp, paper and cardboard and manufactures thereof	77,684	2,047,835
Hides and skins and leather	33,090	4,050
Manufactures of leather, not including articles of clothing	633	29,000
Textile materials, raw or simply prepared	15,388	4,407,779
Yarns and thread	6,481,111	45,323
Textile fabrics and small wares	6,861,342	102,620
Special and technical textile articles	2,500	65,799
Clothing and underwear of textile materials; hats of all materials ..	98,474	400
Footwear, boots, shoes and slippers	20,211	—
Made-up articles of textile materials other than clothing	643,982	1,084,284
Products for heating, lighting and power, lubricants and related products	187,439	643,214
Non-metallic minerals, crude or simply prepared, n.e.s.	21,443	74,856
Pottery and other clay products	22,642	8,009
Glass and glassware	13,165	97,350
Manufactures of non-metallic minerals, n.e.s.	396	33,535
Precious metals and precious stones, pearls and articles made of these materials	—	600
Iron and steel	158,759	874,125
Non-ferrous base metals	—	207,531
Manufactures of base metals, n.e.s. ..	344,598	321,190
Machinery, apparatus and appliances n.e.s. other than electrical	325,098	442,456
Electrical machinery, apparatus and appliances	57,602	400,206
Vehicles & transport equipment, n.e.s.	12,000	235,203
Miscellaneous crude or simply prepared products, n.e.s.	3,001,740	338,680
Manufactured articles, n.e.s.	351,425	174,759
Total	28,514,587	17,704,368

CHINA, MIDDLE ARTICLES

	Imports \$	Exports \$
Dairy products, eggs and honey	607,547	336,441
Fishery products, for food	36,767	—
Cereals	1,296	40,000
Manufactured products of cereals, chiefly for human food	500	421,426
Fruits and nuts, except oil-nuts	310,086	196
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	620,090	19,405
Sugar and sugar confectionery	1,128,193	—
Coffee, tea, cocoa and preparations thereof; spices	192,606	1,800
Beverages and vinegars	13,888	3,754
Feeding stuffs for animals, n.e.s. ..	450	17,726
Tobacco	—	601
Oil-seeds, nuts and kernels	9,677	9,677
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s.	101,849	44,005

Chemical elements and compounds; pharmaceutical products	800	322,989
Dyeing, tanning and colouring substances (not including crude materials)	304	89,982
Fertilizers	—	757,059
Rubber and manufactures thereof, n.e.s.	—	96,446
Wood, cork & manufactures thereof	35,499	18,630
Pulp, paper and cardboard and manufactures thereof	59,940	169,809
Hides and skins and leather	—	11,313
Textile materials, raw or simply prepared	6,800	—
Yarns and thread	—	70,964
Textile fabrics and small wares	778,104	1,306,863
Special and technical textile articles	60,558	—
Clothing and underwear of textile materials; hats of all materials ..	23,143	134,939
Made-up articles of textile materials other than clothing	5,050	—
Products for heating, lighting and power, lubricants and related products	—	531,924
Non-metallic minerals, crude or simply prepared, n.e.s.	4,476	13,620
Pottery and other clay products	124,849	3,050
Glass and glassware	—	34,500
Precious metals and precious stones, pearls and articles made of these materials	—	941
Iron and steel	17,856	181,714
Non-ferrous base metals	56,500	4,080
Manufactures of base metals, n.e.s. ..	45,834	57,000
Machinery, apparatus and appliances n.e.s. other than electrical	—	22,492
Electrical machinery, apparatus and appliances	3,600	27,400
Vehicles & transport equipment, n.e.s.	20,000	132,634
Miscellaneous crude or simply prepared products, n.e.s.	288,426	45,651
Manufactured articles, n.e.s.	60,144	22,416
Total	4,614,832	4,951,447

CHINA, SOUTH ARTICLES

	\$	\$
Live animals, chiefly for food	2,665,947	—
Meat and preparations thereof	28,953	100
Dairy products, eggs and honey	1,425,193	37,969
Fishery products, for food	161,548	—
Cereals	1,215	69,120
Manufactured products of cereals, chiefly for human food	3,865	388,685
Fruits and nuts, except oil-nuts ..	503,236	—
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	1,733,615	763
Sugar and sugar confectionery	2,570,642	4,400
Coffee, tea, cocoa and preparations thereof; spices	655,203	—
Beverages and vinegars	4,741	17,621
Feeding stuffs for animals, n.e.s. ..	201	15,058
Tobacco	411,851	8,880
Oil-seeds, nuts and kernels	8,377	—
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s.	12,232,113	—
Chemical elements and compounds; pharmaceutical products	96,360	910,405
Dyeing, tanning and colouring substances (not including crude materials)	30,194	366,138
Essential oils, perfumery, cosmetics, soaps and related products	184,395	6,653
Fertilizers	—	22,723
Rubber and manufactures thereof, n.e.s.	—	557,018
Wood, cork & manufactures thereof	1,105,591	144,445
Pulp, paper and cardboard and manufactures thereof	426,913	154,466

Hides and skins and leather	1,459,883	300
Manufactures of leather, not including articles of clothing	576	354
Textile materials, raw or simply prepared	222,178	42,700
Yarns and thread	4,522,950	—
Textile fabrics and small wares	385,013	45,177
Special and technical textile articles	1,883	4,217
Clothing and underwear of textile materials, hats of all materials ..	53,100	—
Footwear, boots, shoes and slippers	4,342	—
Made-up articles of textile materials other than clothing	1,302,954	20
Products for heating, lighting and power, lubricants and related products	—	2,413,620
Non-metallic minerals, crude or simply prepared, n.e.s.	103,184	85,142
Pottery and other clay products	321,074	35,816
Glass and glassware	5,700	109,422
Manufactures of non-metallic minerals, n.e.s.	2,070	21,723
Precious metals and precious stones, pearls and articles made of these materials	3,120	5,707
Ores, slag, cinder	696,739	—
Iron and steel	128	1,052,674
Non-ferrous base metals	4,118,421	780,456
Manufactures of base metals, n.e.s. .	175,570	153,357
Machinery, apparatus and appliances n.e.s. other than electrical	63,055	255,059
Electrical machinery, apparatus and appliances	22,440	218,831
Vehicles & transport equipment, n.e.s.	19,716	356,448
Miscellaneous crude or simply prepared products, n.e.s.	16,448,371	248,562
Manufactured articles, n.e.s.	1,384,368	85,241
Gold and specie	—	840
Total	55,566,988	8,260,110

DENMARK

ARTICLES	Imports \$	Exports \$
Dairy products, eggs and honey	20,084	—
Coffee, tea, cocoa and preparations thereof; spices	—	2,000
Chemical elements and compounds; pharmaceutical products	2,300	—
Wood, cork & manufactures thereof	—	680
Clothing and underwear of textile materials; hats of all materials ..	—	270
Pottery and other clay products	—	1,227
Miscellaneous crude or simply prepared products, n.e.s.	—	186,583
Manufactures of base metals, n.e.s. .	—	4,500
Total	22,384	195,260

EGYPT

ARTICLES	Imports \$	Exports \$
Vegetables, roots and tubers, chiefly used for human food and their ducts	44,859	—
Coffee, tea, cocoa and preparations thereof; spices	4,000	6,944
Tobacco	15,514	73,745
Wood, cork & manufactures thereof	—	5,015
Yarns and thread	81,200	—
Textile fabrics and small wares	—	3,858
Clothing and underwear of textile materials; hats of all materials ..	—	1,353
Footwear, boots, shoes and slippers	—	1,040
Made-up articles of textile materials other than clothing	—	169
Pottery and other clay products	—	2,000
Glass and glassware	—	1,350
Manufactures of base metals, n.e.s. .	—	26,541
Electrical machinery, apparatus and appliances	—	808

Miscellaneous crude or simply prepared products, n.e.s.	74,102	21,946
Manufactured articles, n.e.s.	—	54,322
Total	219,675	199,091

FRANCE

ARTICLES	Imports \$	Exports \$
Fruits & nuts, except oil-nuts	1,110	—
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	16,106	—
Coffee, tea, cocoa and preparations thereof; spices	—	153,655
Beverages and vinegars	307,682	—
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s.	—	145,036
Chemical elements and compounds; pharmaceutical products	696,351	—
Dyeing, tanning and colouring substances (not including crude materials)	809,336	—
Essential oils, perfumery, cosmetics, soaps and related products	66,346	18,682
Rubber and manufactures thereof, n.e.s.	36,446	—
Pulp, paper and cardboard and manufactures thereof	99,238	—
Hides and skins and leather	2,340	37,300
Textile materials, raw or simply prepared	—	151,460
Yarns and thread	109,400	—
Textile fabrics and small wares	249,441	—
Clothing and underwear of textile materials; hats of all materials ..	210	—
Pottery and other clay products	492	—
Glass and glassware	112,436	—
Precious metals and precious stones, pearls and articles made of these materials	273,395	—
Ores, slag, cinder	—	—
Iron and steel	1,547,719	117,600
Manufactures of base metals, n.e.s. .	154,175	—
Machinery, apparatus and appliances n.e.s. other than electrical	696	—
Electrical machinery, apparatus and appliances	53,069	—
Vehicles & transport equipment, n.e.s.	23,430	—
Miscellaneous crude or simply prepared products, n.e.s.	—	65,220
Manufactured articles, n.e.s.	34,069	—
Total	4,593,487	688,953

FRENCH INDOCHINA

ARTICLES	Imports \$	Exports \$
Dairy products, eggs and honey	—	134,362
Fishery products, for food	235,204	40,606
Cereals	14,495	—
Manufactured products of cereals, chiefly for human food	—	26,267
Fruits and nuts, except oil-nuts	86,762	107,894
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	1,406,606	102,409
Sugar and sugar confectionery	—	4,016
Coffee, tea, cocoa and preparations thereof; spices	—	56,695
Beverages and vinegars	—	431
Tobacco	—	5,652
Oil-seeds, nuts and kernels	46,768	—
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s.	47,710	—
Chemical elements and compounds; pharmaceutical products	—	56,882

Dyeing, tanning and colouring substances (not including crude materials)	—	360
Rubber and manufactures thereof, n.e.s.	133,900	5,600
Wood, cork & manufactures thereof	2,300	—
Pulp, paper and cardboard and manufactures thereof	—	75,840
Hides and skins and leather	175,526	—
Textile materials, raw or simply prepared	28,200	85,760
Yarns and thread	—	697,731
Textile fabrics and small wares	—	76,500
Special and technical textile articles	—	38,115
Clothing and underwear of textile materials; hats of all materials ..	—	16
Footwear, boots, shoes and slippers	—	35
Products for heating, lighting and power, lubricants and related products	85,000	2,050
Non-metallic minerals, crude or simply prepared, n.e.s.	47,900	—
Pottery and other clay products	—	2,321
Glass and glassware	242	—
Iron and steel	—	9,800
Non-ferrous base metals	—	7,760
Manufactures of base metals, n.e.s. .	—	28,593
Machinery, apparatus and appliances, n.e.s. other than electrical	—	46,175
Electrical machinery, apparatus and appliances	1,000	11,346
Vehicles & transport equipment, n.e.s.	—	20,118
Miscellaneous crude or simply prepared products, n.e.s.	505,729	889,399
Manufactured articles, n.e.s.	—	41,562
Total	2,817,342	2,572,295

GERMANY

ARTICLES	Imports	Exports
	\$	\$
Manufactured products of cereals, chiefly for human food	—	7,267
Beverages and vinegars	15,186	—
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s.	—	1,931,131
Chemical elements and compounds; pharmaceutical products	20,296	3,912
Dyeing, tanning and colouring substances (not including crude materials)	209,445	—
Pulp, paper and cardboard and manufactures thereof	350	—
Textile materials, raw or simply prepared	—	146,000
Textile fabrics and small wares	9,000	—
Ores, slag, cinder	—	654,120
Iron and steel	14,479	—
Non-ferrous base metals	3,00	842,271
Manufactures of base metals, n.e.s. .	68,213	—
Machinery, apparatus and appliances, n.e.s. other than electrical	4,560	—
Vehicles & transport equipment, n.e.s.	9,443	—
Miscellaneous crude or simply prepared products, n.e.s.	—	197,356
Manufactured articles, n.e.s.	250,689	—
Total	605,911	3,782,057

HOLLAND

ARTICLES	Imports	Exports
	\$	\$
Dairy products, eggs and honey	1,091,917	—
Cereals	52,279	—
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	71,990	6,255
Sugar and sugar confectionery	4,035	—
Beverages and vinegars	276,984	—
Tobacco	5,237	429

Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s.	56,280	51,737
Chemical elements and compounds; pharmaceutical products	322,255	42,000
Dyeing, tanning and colouring substances (not including crude materials)	188,865	—
Essential oils, perfumery, cosmetics, soaps and related products	51,893	69,918
Pulp, paper and cardboard and manufactures thereof	616,640	—
Hides and skins and leather	215,280	133,314
Manufactures of leather, not including articles of clothing	9,550	—
Textile materials, raw or simply prepared	—	267,600
Yarns and thread	32,416	—
Textile fabrics and small wares	103,115	1,390
Clothing and underwear of textile materials, hats of all materials ..	778	—
Made-up articles of textile materials other than clothing	12,969	—
Non-metallic minerals, crude or simply prepared, n.e.s.	8,164	—
Pottery and other clay products ..	5,361	—
Precious metals and precious stones, pearls and articles made of these materials	236,871	26,823
Ores, slag, cinder	—	57,120
Iron and steel	114,374	—
Non-ferrous base metals	59,744	59,584
Manufactures of base metals, n.e.s. .	56,374	—
Electrical machinery, apparatus and appliances	5,182	—
Essential oils, perfumery, cosmetics, soaps and related products	53,678	650
Vehicles & transport equipment, n.e.s.	7,104	—
Miscellaneous crude or simply prepared products, n.e.s.	10,390	59,926
Manufactured articles, n.e.s.	10,659	148,007
Total	3,680,364	924,753

ITALY

ARTICLES	Imports	Exports
	\$	\$
Beverages and vinegars	10,442	—
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s.	2,380	18,892
Chemical elements and compounds; pharmaceutical products	35,372	8,000
Dyeing, tanning and colouring substances (not including crude materials)	282,247	—
Essential oils, perfumery, cosmetics, soaps and related products	—	3,472
Rubber and manufactures thereof, n.e.s.	309,950	—
Wood, cork & manufactures thereof	4,100	—
Pulp, paper and cardboard and manufactures thereof	43,680	—
Hides and skins and leather	—	195,125
Textile materials, raw or simply prepared	—	52,192
Yarns and thread	334,881	—
Textile fabrics and small wares	261,759	—
Special and technical textile articles	19,624	—
Clothing and underwear of textile materials, hats of all materials ..	70,600	—
Non-metallic minerals, crude or simply prepared, n.e.s.	59,312	—
Manufacture of non-metallic minerals, n.e.s.	40,500	—
Precious metals and precious stones, pearls and articles made of these materials	3,000	—
Iron and steel	80,448	—
Manufactures of base metals, n.e.s. .	72,373	—
Machinery, apparatus and appliances, n.e.s., other than electrical	7,444	—

Electrical machinery, apparatus and appliances	622	—
Vehicles & transport equipment, n.e.s.	24,907	—
Miscellaneous crude or simply prepared products, n.e.s.	—	294,666
Manufactured articles, n.e.s.	34,018	—
Total	1,697,659	572,347

JAPAN

ARTICLES	Imports \$	Exports \$
Meat and preparations thereof	—	387
Fishery products, for food	404,960	960
Cereals	—	10,750
Manufactured products of cereals, chiefly for human food	—	2,087
Fruits and nuts, except oil-nuts	—	263
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	206,532	11,312
Sugar and sugar confectionery	—	47
Coffee, tea, cocoa and preparations thereof; spices	64,724	9,306
Beverages and vinegars	—	230,489
Feeding stuffs for animals, n.e.s. ..	—	4,320,904
Tobacco	—	12,564
Oil-seeds, nuts and kernels	—	1,277,509
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s.	—	4,137
Chemical elements and compounds; pharmaceutical products	194,370	532
Dyeing, tanning and colouring substances (not including crude materials)	71,621	261,051
Essential oils, perfumery, cosmetics, soaps and related products	—	7,267
Rubber and manufactures thereof, n.e.s.	344,118	1,463
Wood, cork & manufactures thereof	20,814	13,678
Pulp, paper and cardboard and manufactures thereof	99,160	29,694
Hides and skins and leather	—	274,995
Manufactures of leather, not including articles of clothing	—	1,240
Textile materials, raw or simply prepared	131,954	825,103
Yarns and thread	49,763	—
Textile fabrics and small wares	953,109	469,811
Special and technical textile articles	27,243	—
Clothing and underwear of textile materials; hats of all materials ..	31,742	103,597
Footwear, boots, shoes and slippers	—	502
Made-up articles of textile materials other than clothing	—	5,109
Products for heating, lighting and power, lubricants and related products	455,285	—
Non-metallic minerals, crude or simply prepared, n.e.s.	384,734	380,867
Pottery and other clay products	249,980	10
Glass and glassware	226,224	974
Manufactures of non-metallic minerals, n.e.s.	—	50
Ores, slag, cinder	—	458,080
Iron and steel	172,243	3,510
Non-ferrous base metals	191,041	283,387
Manufactures of base metals, n.e.s. .	49,085	60,536
Machinery, apparatus and appliances n.e.s. other than electrical	105,421	90,643
Electrical machinery, apparatus and appliances	9,467	6,645
Vehicles & transport equipment, n.e.s.	—	208,327
Miscellaneous crude or simply prepared products, n.e.s.	13,248	1,254,856
Manufactured articles, n.e.s.	212,810	915,193
Total	4,669,648	11,537,835

KOREA, SOUTH

ARTICLES	Imports \$	Exports \$
Fishery products, for food	893,047	—
Cereals	90,560	—
Manufactured products of cereals, chiefly for human food	502,444	122
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	3,250	73,922
Coffee, tea, cocoa and preparations thereof; spices	—	29,5425
Beverages and vinegars	—	120,292
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s.	26,830	30,696
Chemical elements and compounds; pharmaceutical products	1,600	1,107,731
Dyeing, tanning and colouring substances (not including crude materials)	3,720	609,077
Essential oils, perfumery, cosmetics, soaps and related products	—	77,175
Fertilizers	—	200
Rubber and manufactures thereof, n.e.s.	—	613,543
Wood, cork & manufactures thereof	—	3,000
Pulp, paper and cardboard and manufactures thereof	—	4,049,358
Manufactures of leather, not including articles of clothing	—	1,005
Furs, not made up	222,210	—
Textile materials, raw or simply prepared	39,050	—
Yarns and thread	—	3,114,563
Textile fabrics and small wares	—	982,173
Special and technical textile articles	—	28,077
Clothing and underwear of textile materials, hats of all materials ..	—	6,212
Footwear, boots, shoes and slippers	—	23,800
Made-up articles of textile materials other than clothing	—	28,810
Products for heating, lighting and power, lubricants and related products	2,250	385,490
Non-metallic minerals, crude or simply prepared, n.e.s.	—	37,500
Glass and glassware	—	273,605
Manufactures of non-metallic minerals, n.e.s.	—	11,664
Ores, slag, cinder	142,000	—
Iron and steel	—	16,800
Non-ferrous base metals	16,660	103,679
Manufactures of base metals, n.e.s. .	—	15,630
Machinery, apparatus and appliances n.e.s. other than electrical	—	22,164
Electrical machinery, apparatus and appliances	—	139,147
Vehicles & transport equipment, n.e.s.	1,000	88,440
Miscellaneous crude or simply prepared products, n.e.s.	1,610,352	134,888
Manufactured articles, n.e.s.	—	6,217
Total	3,559,973	12,134,405

KOREA, NORTH

ARTICLES	Imports \$	Exports \$
Dairy products, eggs and honey	4,500	—
Fishery products, for food	238,000	—
Cereals	285,000	—
Feeding stuffs for animals, n.e.s. ...	1,688,000	—
Oil-seeds, nuts and kernels	1,310,000	—
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s.	884,100	—
Chemical elements and compounds; pharmaceutical products	—	230,752

Dyeing, tanning and colouring substances (not including crude materials)	303,600	42,434
Essential oils, perfumery, cosmetics, soaps and related products	—	1,650
Fertilizers	180,000	—
Rubber and manufactures thereof, n.e.s.	—	77,170
Wood, cork & manufactures thereof	—	13,676
Pulp, paper and cardboard and manufactures thereof	—	771,383
Hides and skins and leather	—	135,000
Manufactures of leather, not including articles of clothing	—	11,904
Furs, not made up	104,000	—
Yarns and threads	—	300,000
Textile fabrics and small wares	36,000	759,054
Special and technical textile articles	—	15,895
Clothing and underwear of textile materials; hats of all materials	—	5,295
Footwear, boots, shoes and slippers	—	125
Made-up articles of textile materials other than clothing	3,140	150,000
Products for heating, lighting and power, lubricants and related products	—	1,384
Non-metallic minerals, crude or simply prepared, n.e.s.	118,800	45,000
Pottery and other clay products	—	5,738
Manufactures of non-metallic minerals, n.e.s.	—	30,720
Ores, slag, cinder	3,000	—
Iron and steel	—	36,500
Manufactures of base metals, n.e.s.	—	17,905
Machinery, apparatus and appliances n.e.s. other than electrical	—	22,544
Electrical machinery, apparatus and appliances	—	310,329
Vehicles & transport equipment, n.e.s.	—	54,448
Miscellaneous crude or simply prepared products, n.e.s.	1,385,928	—
Manufactured articles, n.e.s.	—	177,916
Gold and specie	30,450	—
Total	6,574,518	3,216,822

MACAO

ARTICLES

	Imports \$	Exports \$
Live animals, chiefly for food	104,310	—
Meat and preparations thereof	145,851	4,146
Dairy products, eggs and honey	1,313,089	475,898
Fishery products, for food	298,284	769,215
Cereals	45,669	72,927
Manufactured products of cereals, chiefly for human food	130,488	1,344,518
Fruits and nuts, except oil-nuts	251,241	1,135,252
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	1,357,884	841,387
Sugar and sugar confectionery	153,698	203,172
Coffee, tea, cocoa and preparations thereof; spices	12,257	145,280
Beverages and vinegars	263,296	550,105
Feeding stuffs for animals, n.e.s.	5,688	199,882
Tobacco	13,779	1,839,209
Oil-seeds, nuts and kernels	407,297	968,172
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s.	1,204,330	29,565
Chemical elements and compounds; pharmaceutical products	357,120	1,393,150
Dyeing, tanning and colouring substances (not including crude materials)	4,064	196,239
Essential oils, perfumery, cosmetics, soaps and related products	52,915	490,231
Fertilizers	—	202,989
Rubber and manufactures thereof, n.e.s.	22,000	74,161
Wood, cork & manufactures thereof	25,715	577,797

Pulp, paper and cardboard and manufactures thereof	38,015	658,417
Hides and skins and leather	43,880	145,419
Manufactures of leather, not including articles of clothing	—	21,615
Textile materials, raw or simply prepared	549,174	43,602
Yarns and thread	3,800	137,345
Textile fabrics and small wares	3,481,009	2,351,212
Special and technical textile articles	18,063	61,561
Clothing and underwear of textile materials; hats of all materials	9,772	1,218,926
Footwear, boots, shoes and slippers	—	245,812
Made-up articles of textile materials other than clothing	78,704	78,992
Products for heating, lighting and power, lubricants and related products	—	1,643,372
Non-metallic minerals, crude or simply prepared, n.e.s.	8,880	166,593
Pottery and other clay products	1,490	50,828
Glass and glassware	2,744	332,497
Manufactures of non-metallic minerals, n.e.s.	—	7,026
Precious metals and precious stones, pearls and articles made of these materials	460	—
Ores, slag, cinder	106,430	—
Iron and steel	60	338,060
Non-ferrous base metals	132,284	95,815
Manufactures of base metals, n.e.s.	77,063	897,836
Machinery, apparatus and appliances n.e.s. other than electrical	—	250,070
Electrical machinery, apparatus and appliances	9,218	282,660
Vehicles & transport equipment, n.e.s.	24,024	488,585
Miscellaneous crude or simply prepared products, n.e.s.	675,785	279,294
Manufactured articles, n.e.s.	1,707,038	1,196,129
Total	13,136,868	22,504,961

NETHERLANDS EAST INDIES (Indonesia)

ARTICLES	Imports \$	Exports \$
Fishery products, for food	97,470	745
Manufactured products of cereals, chiefly for human food	—	35,953
Fruits and nuts, except oil-nuts	—	4,885
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	134,017	22,190
Sugar and sugar confectionery	—	505,556
Coffee, tea, cocoa and preparations thereof; spices	4,800	22,859
Beverages and vinegars	—	35,953
Tobacco	—	207,580
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s.	116,480	86,093
Chemical elements and compounds; pharmaceutical products	60,530	127,318
Dyeing, tanning and colouring substances (not including crude materials)	38,140	75,078
Essential oils, perfumery, cosmetics, soaps and related products	—	43,575
Rubber and manufactures thereof, n.e.s.	598,850	1,700
Wood, cork & manufactures thereof	1,200	9,400
Pulp, paper and cardboard and manufactures thereof	—	349,298
Hides and skins and leather	—	42,170
Manufactures of leather, not including articles of clothing	—	4,744
Textile materials, raw or simply prepared	—	15,000
Yarns and thread	—	104,150
Textile fabrics and small wares	—	357,422
Special and technical textile articles	—	89,525
Clothing and underwear of textile materials; hats of all materials	—	2,125,803

Made-up articles of textile materials other than clothing	—	1,446,142
Products for heating, lighting and power, lubricants and related products	2,029,717	8,560
Pottery and other clay products	—	80,272
Glass and glassware	—	39,903
Manufactures of non-metallic minerals, n.e.s.	—	1,640
Iron and steel	—	5,000
Manufactures of base metals, n.e.s.	1,360	363,916
Machinery, apparatus and appliances n.e.s. other than electrical	—	155,424
Electrical machinery, apparatus and appliances	13,000	48,848
Miscellaneous crude or simply prepared products, n.e.s.	362,605	208,895
Manufactured articles, n.e.s.	36,000	366,856
Total	3,494,169	6,992,453

NORWAY

ARTICLES	Imports \$	Exports \$
Meat and preparations thereof	200	—
Fishery products, for food	28,381	—
Fruits and nuts, except oil-nuts ..	—	280
Beverages and vinegars	9,168	—
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s.	—	40,421
Chemical elements and compounds; pharmaceutical products	9,640	—
Dyeing, tanning and colouring substances (not including crude materials)	10,000	—
Wood, cork & manufactures thereof	—	1,450
Pulp, paper and cardboard and manufactures thereof	2,206,512	—
Textile fabrics and small wares	76,236	—
Clothing and underwear of textile materials, hats of all materials ..	—	1,000
Non-ferrous base metals	2,030	—
Manufactures of base metals, n.e.s.	17,168	—
Vehicles & transport equipment, n.e.s.	—	16,000
Miscellaneous crude or simply prepared products, n.e.s.	—	94,920
Manufactured articles, n.e.s.	—	500
Total	2,359,335	154,571

PHILIPPINES

ARTICLES	Imports \$	Exports \$
Meat and preparations thereof	—	227,426
Dairy products, eggs and honey	—	2,594,544
Fishery products, for food	250	359,401
Cereals	—	603
Manufactured products of cereals, chiefly for human food	38,228	1,063,288
Fruits and nuts, except oil-nuts	700,452	346,015
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	18,067	2,410,942
Sugar and sugar confectionery	200	48,436
Coffee, tea, cocoa and preparations thereof; spices	640	17,354
Beverages and vinegars	—	6,448
Feeding stuffs for animals, n.e.s.	—	80,293
Tobacco	71,624	72,800
Oil-seeds, nuts and kernels	—	380,837
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s.	—	3,212
Chemical elements and compounds; pharmaceutical products	20,488	420,076
Dyeing, tanning and colouring substances (not including crude materials)	—	124,483

Essential oils, perfumery, cosmetics, soaps and related products	—	2,688
Rubber and manufactures thereof, n.e.s.	33,441	45,550
Wood, cork & manufactures thereof	33,199	172,989
Pulp, paper and cardboard and manufactures thereof	—	183,372
Hides and skins and leather	—	47,464
Manufactures of leather, not including articles of clothing	—	60,791
Textile materials, raw or simply prepared	355,903	117,000
Yarns and thread	—	67,400
Textile fabrics and small wares	860,389	1,676,701
Special and technical textile articles	9,849	400
Clothing and underwear of textile materials; hats of all materials ..	3,429	308,844
Footwear, boots, shoes and slippers ..	—	27,140
Made-up articles of textile materials other than clothing	20,000	16,455
Products for heating, lighting and power, lubricants and related products	7,116	64,165
Non-metallic minerals, crude or simply prepared, n.e.s.	—	7,821
Pottery and other clay products	—	82,468
Glass and glassware	—	62,898
Manufactures of non-metallic minerals, n.e.s.	—	1,070
Precious metals and precious stones, pearls and articles made of these materials	2,762	—
Iron and steel	12,000	243,115
Non-ferrous base metals	110,718	—
Manufactures of base metals, n.e.s.	17,940	1,317,581
Machinery, apparatus and appliances n.e.s. other than electrical	96,432	39,802
Electrical machinery, apparatus and appliances	900	1,840
Vehicles & transport equipment, n.e.s.	260	8,200
Miscellaneous crude or simply prepared products, n.e.s.	6,940	96,550
Manufactured articles, n.e.s.	88,525	562,136
Total	2,509,412	13,370,598

PORTUGAL

ARTICLES	Imports \$	Exports \$
Beverages and vinegars	51,726	—
Wood, cork & manufactures thereof	3,512	—
Manufactures of base metals, n.e.s.	—	6,400
Total	55,238	6,400

PORTUGUESE EAST AFRICA

ARTICLES	Imports \$	Exports \$
Meat and preparations thereof	—	738
Dairy products, eggs and honey	96	656
Fishery products, for food	29,686	469
Manufactured products of cereals, chiefly for human food	—	568
Fruits and nuts, except oil-nuts	—	14
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	—	1,055
Coffee, tea, cocoa and preparations thereof; spices	—	160
Dyeing, tanning and colouring substances (not including crude materials)	—	1,435
Rubber and manufactures thereof, n.e.s.	—	340
Wood, cork & manufactures thereof	—	9,985
Pulp, paper and cardboard & manufactures thereof	—	400
Manufactures of leather, not including articles of clothing	—	1,910

Textile fabrics and small wares	—	43,840
Clothing and underwear of textile materials; hats of all materials ..	—	76,014
Footwear, boots, shoes and slippers	—	1,310
Made-up articles of textile materials other than clothing	—	8,860
Pottery and other clay products ...	—	6,677
Glass and glassware	—	660
Manufactures of base metals, n.e.s. .	—	63,833
Electrical machinery, apparatus and appliances	—	520
Manufactured articles, n.e.s.	—	25,046
Total	29,782	244,490

POLAND

ARTICLES	Imports \$	Exports \$
Non-ferrous base metals	101,310	—
Manufactures of base metals n.e.s. .	9,650	—
Total	110,960	—

SIAM

ARTICLES	Imports \$	Exports \$
Dairy products, eggs and honey ...	—	76,250
Fishery products, for food	393,390	—
Cereals	1,132,648	—
Manufactured products of cereals, chiefly for human food	451,063	47,864
Fruits and nuts, except oil-nuts ...	68,344	7,900
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	472,332	21,687
Coffee, tea, cocoa and preparations thereof; spices	112,600	99,465
Beverages and vinegars	—	77,043
Feeding stuffs for animals, n.e.s. ...	12,000	3,833
Oil-seeds, nuts and kernels	97,915	—
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s.	177,557	4,006
Chemical elements and compounds; pharmaceutical products	84,932	583,418
Dyeing, tanning and colouring substances (not including crude materials)	2,250	413,305
Essential oils, perfumery, cosmetics, soaps and related products	—	30,203
Rubber and manufactures thereof, n.e.s.	80,640	5,162
Wood, cork & manufactures thereof	2,100,941	50,040
Pulp, paper and cardboard and manufactures thereof	—	262,661
Hides and skins and leather	635,678	—
Manufactures of leather, not including articles of clothing	—	4,587
Textile materials, raw or simply prepared	133,505	12,143
Yarns and thread	—	4,748,134
Textile fabrics and small wares ...	—	5,475,132
Special and technical textile articles	—	120,988
Clothing and underwear of textile materials; hats of all materials ..	97,458	1,316,108
Footwear, boots, shoes and slippers	—	36,635
Made-up articles of textile materials other than clothing	13,880	2,174,783
Products for heating, lighting and power, lubricants and related products	—	350,554
Non-metallic minerals, crude or simply prepared, n.e.s.	1,015,297	16,514
Pottery and other clay products ...	1,500	11,190
Glass and glassware	—	105,031
Manufactures of non-metallic minerals, n.e.s.	—	8,493
Precious metals and precious stones, pearls and articles made of these materials	54,776	78,780

Iron and steel	—	586,265
Non-ferrous base metals	—	104,378
Manufactures of base metals, n.e.s. .	296,378	1,422,633
Machinery, apparatus and appliances n.e.s. other than electrical	—	48,103
Electrical machinery, apparatus and appliances	—	352,511
Vehicles & transport equipment, n.e.s.	—	69,098
Miscellaneous crude or simply prepared products, n.e.s.	174,198	312,008
Manufactured articles, n.e.s.	8,550	471,900
Total	7,617,832	19,508,805

SOUTH AMERICA

ARTICLES	Imports \$	Exports \$
Meat and preparations thereof	—	1,950
Fishery products, for food	—	255
Manufactured products of cereals, chiefly for human food	—	592
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	—	5,099
Coffee, tea, cocoa and preparations thereof; spices	—	159,031
Dyeing, tanning and colouring substances (not including crude materials)	355,784	30,500
Textile materials, raw or simply prepared	243,477	—
Made-up articles of textile materials other than clothing	—	1,615
Products for heating, lighting and power, lubricants and related products	—	6,000
Pottery and other clay products ...	—	720
Manufactures of base metals, n.e.s. .	—	83,623
Electrical machinery, apparatus and appliances	—	41,649
Miscellaneous crude or simply prepared products, n.e.s.	—	23,442
Manufactured articles, n.e.s.	—	4,904
Total	599,261	359,380

SPAIN

ARTICLES	Imports \$	Exports \$
Beverages and vinegars	23,955	—
Dyeing, tanning and colouring substances (not including crude materials)	41,706	—
Total	30,000	—

SWEDEN

ARTICLES	Imports \$	Exports \$
Dairy products, eggs and honey ...	16,080	—
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s.	—	278,138
Chemical elements and compounds; pharmaceutical products	22,198	—
Wood, cork and manufactures thereof	48,158	—
Pulp, paper and cardboard & manufactures thereof	2,614,594	—
Hides and skins and leather	—	37,963
Textile fabrics and small wares ...	6,660	—
Clothing and underwear of textile materials; hats of all materials ..	52,870	—
Glass and glassware	29,964	—
Manufactures of non-metallic minerals, n.e.s.	2,780	—
Ores, slag, cinder	—	304,265

Iron and steel	2,568	—
Manufactures of base metals, n.e.s. .	124,462	—
Machinery, apparatus and appliances n.e.s. other than electrical	113,752	—
Electrical machinery, apparatus and appliances	202,279	—
Miscellaneous crude or simply pre- pared products, n.e.s.	—	46,836
Manufactured articles, n.e.s.	107,667	—
Total	3,344,032	667,202

SWITZERLAND**ARTICLES**

	Imports	Exports
	\$	\$
Meat and preparations thereof	2,984	—
Dairy products, eggs and honey ...	1,615	—
Manufactured products of cereals, chiefly for human food	590	—
Chemical elements and compounds; pharmaceutical products	207,594	2,118
Dyeing, tanning and colouring sub- stances (not including crude materials)	1,177,127	—
Wood, cork & manufactures thereof	—	300
Textile materials, raw or simply prepared	—	19,635
Textile fabrics and small wares	114,951	2,167
Clothing and underwear of textile materials; hats of all materials ..	5,868	—
Precious metals and precious stones, pearls and articles made of these materials	79,370	34,923
Manufactures of base metals, n.e.s. .	27,538	—
Machinery, apparatus and appliances n.e.s. other than electrical	168,334	—
Miscellaneous crude or simply pre- pared products, n.e.s.	—	32,000
Manufactured articles, n.e.s.	3,679,699	—
Total	5,465,670	91,143

U. S. A.**ARTICLES**

	Imports	Exports
	\$	\$
Meat and preparations thereof	13,760	23,253
Dairy products, eggs and honey ...	181,833	77,391
Fishery products, for food	826,547	382,994
Cereals	529	—
Manufactured products of cereals, chiefly for human food	2,362,923	126,309
Fruits and nuts, except oil-nuts	1,356,562	271,102
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	189,911	1,049,739
Sugar and sugar confectionery	638,999	22,003
Coffee, tea, cocoa and preparations thereof; spices	279,793	258,532
Beverages and vinegars	238,415	128,303
Feeding stuffs for animals, n.e.s. .	413	1,521
Tobacco	1,171,941	4,480
Oil-seeds, nuts and kernels	—	188,670
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s.	548,770	1,797,686

Chemical elements and compounds; pharmaceutical products	8,320,013	537,631
Dyeing, tanning and colouring sub- stances (not including crude mate- rials)	2,746,228	2,688
Essential oils, perfumery, cosmetics, soaps and related products	1,127,301	330,679
Rubber and manufactures thereof, n.e.s.	332,867	317,240
Wood, cork & manufactures thereof	291,124	168,363
Pulp, paper and cardboard and manu- factures thereof	6,242,034	26,697
Hides and skins and leather	110,087	558,103
Manufactures of leather, not includ- ing articles of clothing	75,231	780
Furs, not made up	18,018	1,474,100
Textile materials, raw or simply prepared	10,419,237	358,076
Yarns and threads	4,500	—
Textile fabrics and small wares	4,542,594	652,958
Special and technical textile articles	248,263	3,751
Clothing and underwear of textile materials; hats of all materials ..	1,461,670	248,230
Clothing of leather and fur	551	—
Footwear, boots, shoes and slippers	88,584	53,013
Made-up articles of textile materials other than clothing	150,564	—
Products for heating, lighting and power, lubricants and related pro- ducts	2,197,692	2,536
Non-metallic minerals, crude or sim- ply prepared, n.e.s.	93,374	37,123
Pottery and other clay products	85,335	322,617
Glass and glassware	450,287	215
Manufactures of non-metallic miner- als, n.e.s.	247,297	1,945
Precious metals and precious stones, pearls and articles made of these materials	827,783	74,711
Ores, slag, cinder	—	226,913
Iron and steel	3,151,115	5,178
Non-ferrous base metals	77,185	1,791,279
Manufactures of base metals, n.e.s. .	2,603,821	315,810
Machinery, apparatus and appliances n.e.s. other than electrical	5,259,382	5,355
Electrical machinery, apparatus and appliances	2,815,374	17,744
Vehicles & transport equipment, n.e.s.	4,385,380	6,000
Miscellaneous crude or simply pre- pared products, n.e.s.	830,553	9,156,128
Manufactured articles, n.e.s.	4,854,655	3,413,904
Gold and specie	100	16
Total	71,868,595	24,441,766

U. S. S. R.**ARTICLES**

	Imports	Exports
	\$	\$
Meat and preparations thereof	10,350	—
Ores, slag, cinder	—	536,252
Total	10,350	536,252